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OUTLOOK & SITUATION

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The *World Agricultural Situation* is published in June, September, and December. Agricultural situation reports for the world's major regions are published during March - May.

Summary

World Economy Sluggish; Grain Prospects Favorable

Hit by 150-percent oil price hikes during 1978-80, the world economy still suffers from inflation and low growth. But, for the rest of the year, oil supplies should remain plentiful, with the average price near \$35 a barrel. Even with stable oil prices, the international economy is likely to remain sluggish through the year, partly because of developed countries' anti-inflation measures. Low demand for third-world exports, high interest and inflation rates, constraints on the balance of payments, and growing debt service payments will continue to hamper the economies of developing countries.

Since January, the U.S. dollar gained over major competitors—the German mark, Dutch guilder, Japanese

yen, and British pound. High interest rates and U.S. anti-inflation policies increased the demand for the dollar, while the recession in West Germany and possible slowing of Japan's economic growth lessened the attractiveness of those nations' currencies.

Export prices for U.S. grains and soybeans declined the first 4 months of the year, but remained well above a year ago. U.S. agricultural exports during October - April equaled \$28.1 billion, 13 percent above a year ago, and record corn exports are projected for fiscal 1981. Total U.S. agricultural exports for the fiscal year are forecast at \$46 billion.

World grain production for 1981/82 will likely be about 3 percent above this year, reflecting an anticipated 1.4-percent expansion of world harvested area and a recovery of U.S. and USSR yields. World use is expected to increase less than 2 percent, allowing wheat and coarse

grain stocks to rise from 12 percent of use this year to about 14 percent in 1981/82. World rice production is forecast slightly above 1980/81's record 395 million metric tons. Rice consumption, likely to match production, will hold ending stocks at this year's levels.

World oilseed production in 1981/82 should reach 3 to 4 percent above this season. Protein meal output will likely rise almost 4 percent above the 87.5 million tons in 1980/81. Protein meal consumption may expand somewhat but should not exceed production. Even with increased consumption, vegetable oil stocks may remain large in 1981/82 because of expanded production.

Total meat output will level off and may even decline as beef and veal production continues about the same and pork output takes a downturn in 1981. Poultry production continues to expand.

Global sugar output in 1981/82 should increase 3 to 9 percent above this year's 86.1 million tons. Sugar use may rise, and currently low stocks point to strengthening prices in coming months.

World coffee production for 1980/81 will be down slightly from a year earlier. Expected stock buildups in consuming countries and prospects for a 50-percent increase in the Brazilian harvest next season have kept prices depressed. Cocoa bean production for 1980/81 will be up marginally from last year's crop. With projected flat demand for cocoa, prices are not likely to strengthen.

World cotton production for 1981/82 is projected to increase over 5 percent, with consumption up only 2 percent. Tobacco output in 1981 may rise, with use remaining near last year.

NOTE: Fiscal 1981 means October 1980—
September 1981. Tons are metric and dollars
are U.S. unless specified otherwise.

WORLD ECONOMIC CONDITIONS

Slow Growth Forecast for Developed Countries

Still adjusting to the 1978-80 oil price increases, most national economies throughout the world will register low growth through the remainder of 1981. This is particularly true for member nations of the Organization for Economic Cooperation and Development (OECD), which forecasts its real growth in gross national product (GNP) at just over 1 percent for this year. This rate matches GNP growth in 1980 but falls well below the 5-percent rate of the 1960's and the 3 percent of the 1970's. High rates of inflation and trade and current account deficits have constrained OECD member governments' attempts to stimulate growth. To combat inflation and balance-of-payments problems, several OECD nations are implementing policies of low money-supply growth and budgetary restraint that tend to dampen prospects for a quick and robust recovery.

The OECD inflation rate, measured by the consumer price index (CPI), is forecast to drop 1 percentage point from 1980 to 10 percent in 1981. In addition to the impact of the oil price increases, inflation will continue to be aggravated by higher per unit labor costs in most OECD countries and the increased costs associated with unemployment.

The terms of trade for the major OECD countries, except the United Kingdom and Canada, dropped precipitously since the last quarter of 1978. Current account balances for Germany, Japan, France, and Canada are negative, and the deficits are projected to remain through 1982 in Germany, Japan, and the OECD as a whole. Only the United States is projected to have a current account surplus for the next 18 months, on the strength of its invisibles account (mostly freight, tourism, and debt services).

Governments of several OECD member nations have formulated policies in response to both their trade and inflation problems. Regarding trade, because of low growth, high unemployment, and balance-of-payments pressures, protectionist forces are growing in OECD. To reduce inflation, most OECD nations have begun implementing some form of demand-management policy, specifically low growth in the money supply and budgetary restraint. Similar to the United States, Japan and Germany will tend to keep their interest rates high to dampen capital outflows and maintain the strength of their currencies. As a result, business investment remains sluggish, and recovery is further forestalled.

Germany's growth, expected to follow that of the United States, is predicated on the expectation that increased exports and lower interest rates will stimulate capital investment. Recent forecasts for GNP growth range from

near zero to 2 percent for 1981 and 1982. The projections may overstate how much actual growth will be achieved, because they do not take account of the most recent depreciation of the Deutschmark (DM) relative to the U.S. dollar. Unless export orders strengthen in response to movements in the exchange markets, added pressure on the trade balance, especially from increased DM prices for imported oil, will cause the trade surplus to deteriorate further. Shifts from DM assets to Euro-currency and U.S. assets have forced German interest rates up, stymieing domestic investment.

Japanese economic growth for 1981 should be approximately the same as the growth rate of last year, about 5 percent. This rate will largely depend upon the extent to which domestic demand recovers. Japan adjusted rapidly to the second oil shock. Both the wholesale and consumer price indices peaked by the fall of 1980, and inflation will likely diminish by the end of 1981. Business investment continues to be relatively strong in Japan. Also, the outlook for domestic consumption in 1981 is good, according to government forecasts.

Japan's projected growth assumes that interest rates will decline somewhat during 1981, but high U.S. rates may force Japan's to remain artificially high to avoid exchange-rate pressures. If interest rates diminish, Japan's overall balance-of-payments situation should improve. The slower increase in exports will be offset by an even slower rise in imports. For Japan's fiscal 1981 (April 1981 - March 1982), the trade surplus is projected at \$8 billion, up 20 percent from the previous fiscal year; the current account deficit will likely be \$6 billion, also a 20-percent improvement from the year before. Exports may still be overstated, however, since the forecast did not account for the voluntary quota on auto exports to the United States and for possible import restrictions by the European Community (EC).

Prospects for *Canada's* economic growth in 1981 will reflect the performance of the U.S. economy and a domestic energy policy. Real growth is expected to be about 1 percent in 1981; inflation will probably exceed 11 percent because of rapid price increases in food, energy, and housing. Energy prices will likely accelerate because of steps being taken to partially decontrol the price of domestically produced crude oil and to limit the subsidization of imported oil sold in eastern Canada. Energy investment has dropped because Canadian investors have diverted funds to the United States following decontrol of the U.S. industry.

While pending legislation in Canada may result in decreased oil imports, growth in total imports for this year and the next will exceed that for exports by 2 percent. Still, the trade surplus for both years will likely be over \$5 billion. The current account is expected to register a deficit, primarily because of large outlays for tour-

ism and service payments. According to the federal budget of October 1980, spending in fiscal 1981 will be restrictive, less than 2 percent over the expected rise in GNP. Monetary policy is also restrictive, as Canadian interest rates are held close to U.S. rates to maintain capital inflows and relieve downward pressure on the Canadian dollar.

The severe recession afflicting the *United Kingdom* will probably last through this year. Meanwhile, Britain's strong exchange rate has overpriced domestic goods relative to world market prices and has hampered export growth. Several factors account for the high value of sterling: (1) production of North Sea oil provides some export revenues and insulates Britain from the shocks of OPEC price increases; (2) interest rate differentials induce capital inflows; and (3) large speculative investments in sterling assets keep the value of the pound high. Because sterling is overvalued, imports are attractive to consumers and compete with domestically produced goods. Hence, manufacturing output was down by 9 percent in 1980 and is forecast down marginally for 1981.

After falling 2.7 percent in 1980, Britain's GNP is expected to drop 3.3 percent in 1981. Inflation will likely fall only 1.5 percent from 1980 to 16.7 percent in 1981. Despite official support for austerity measures, actual fiscal and monetary policies have been less stringent than official statements suggest. Targets for monetary growth, ranging from 7 to 11 percent, were surpassed in 1980 by an annual rate of around 20 percent. Expenditures exceeded those budgeted, primarily because unemployment benefits and income tax revenues were underestimated.

Even before the recent presidential election, *France's* 1981 economic outlook was not bright. Plagued by large inventories, high unemployment and inflation, and a growing trade deficit, the GNP is not expected to increase by more than 1 percent in real terms during 1981. With the franc slipping in the foreign exchange markets, the trade deficit may not hit the forecast \$20 billion, because imported items will be less attractive to French consumers and exports may pick up. Still, industrial production continues to follow the downtrend of 1980. Business investment is down because of falling corporate profits and rapidly climbing wages that rose 17 percent last year. Inflation, at 13.6 percent in 1980, is expected to approach 12 percent this year. The extremely negative response of the business community to the recent election, as evidenced by activity in the French stock market and in the foreign exchange market, may portend extremely bleak economic conditions through the remainder of 1981.

In contrast to the poor economic performance of its European neighbors, *Italy* experienced a fairly buoyant year in 1980, with gross domestic product growth of nearly 3 percent. The major impetus came from domestic demand, specifically investment in plant and equipment. Inflation still exceeds the OECD average. It was over 20 percent in 1980 and will likely be near 17 percent this year. Because of the adverse affect of inflation on Italy's export competitiveness, the lire has declined relative to most major currencies. Last year's trade deficit of \$21

billion, led mostly by a disastrous export performance, may improve only slightly in 1981.

Developing Countries Feel Trade Pinch

Real GNP growth in the developing world, as for most industrialized nations, will remain sluggish through 1981 and 1982. The major factors affecting growth are the oil price hikes during 1978-80 and the slow growth of the developed economies. Typical symptoms of the economic problems in the developing nations are high domestic interest rates, accelerating inflation, large debt service payments, and growing trade and current account deficits.

For non-OPEC developing countries, real GNP growth is forecast at 5 and 5.4 percent for 1981 and 1982, respectively. On average, the bulk of non-OPEC developing countries whose major exports are primary commodities will see increased exports of about 14 percent in 1981. Despite substantial jumps in nominal value, worldwide inflation will diminish real gains in export earnings. Higher export earnings will largely come from volume rather than price increases. Continued weak prices for primary commodities, such as iron ore, copper, tin, and lead, illustrate the developing countries' vulnerability to world market conditions. For example, from January 1980 to January 1981, world prices for iron ore and tin dropped 20 percent; 30 percent for coffee; 35 percent for cocoa; and 40 percent for lead.

Several countries enjoyed rising export earnings as prices increased for bananas, petroleum, phosphate rock, rice, and sugar. Countries whose exports were most adversely affected were those dependent on export earnings from one or two commodities whose prices fell in world markets. Coffee and cocoa producers especially suffered.

Accelerating import bills are projected for 1981, mostly because of rising prices rather than rising volume. Recent price declines for oil, however, should alleviate the rate of increase. For many countries the volume of imports may actually decline even though their total import bills increase. This phenomenon will in the long term afflict countries with current low growth rates by restricting imports of capital goods.

Trade deficits will likely rise substantially. For example, Niger's trade deficit may more than double from last year. Israel's, Egypt's, and Jordan's trade imbalances are expected to increase in a range of 15 to 30 percent. These deficits are financed by items in the current account or in capital and aid flows. The Yemen Arab Republic and the People's Democratic Republic of Yemen both derive large inflows from workers' remittances, as do Upper Volta, India, Sri Lanka, and Turkey.

For nations dependent upon capital flows and transfers, the next 18 months will prove difficult. Access to private capital markets continues to be limited, because increasing competition for funds pushes up interest rates and debt servicing ratios are high. Aid transfers from industrialized nations will not increase substantially because of donor nations' budgetary priorities and constraints. Capital flows and aid from international financial institutions will also be tight, because

their own borrowing costs are increasing, and contributions from donor nations are not significantly expanding.

The proliferation of internal and international conflicts will continue to disrupt economies by reducing export earnings, hampering the distribution of imported goods, and limiting economic growth. Directly or indirectly, these conflicts impede the production and distribution of goods and services in more than a dozen countries. In several cases—Lebanon, El Salvador, and Iraq and Iran—conflicts continue. Compounding the economic strains of such conflicts is the flight of capital, which debilitates import financing, pushes exchange rates downward, and forces the use of international reserves.

High growth rates continued through 1980 for most newly industrialized countries, including Taiwan, Hong Kong, Mexico, and Brazil. Yet, although real GNP grew an average of 8 percent for these nations, inflation threatens their competitive edge in exports. Taiwan, with

an inflation rate of 22 percent, is facing accelerating rises in its trade deficit with Japan. Also, Mexico's 27-percent inflation rate resulted from supply shortages that were exacerbated by transportation deficiencies. Meanwhile, Brazil's 110-percent rate of inflation has caused the Government to raise interest rates, shifting incentives from consumption towards savings. Overall growth rates for these countries for 1981 should be roughly equal to 1980's approximately 8 percent. Yet, percentage increases in exports and imports for these countries will be smaller than in 1980. Their dependence upon a sluggish OECD market will keep a lid on exports through 1981, and imports will moderate because of stable oil prices.

Because of an accumulation of international and domestic factors, economic activity in most developing countries is expected to be slow through 1981. Furthermore, any increased activity will lag behind that of industrialized nations. (Arthur Morey, 202 447-8470)

INTERNATIONAL VALUE OF THE DOLLAR

Dollar Appreciates Against Major Currencies

The first 5 months of 1981 have seen an almost unbroken increase in the dollar's value relative to the German mark, Dutch guilder, Japanese yen, and British pound. The U.S. dollar has also appreciated slightly relative to its Canadian counterpart. This impressive performance stems from a remarkable succession of events, each of which moved the dollar consistently from one plateau to another.

Continuing from 1980, the historically high interest rates payable on dollar deposits exerted a strong push for continued appreciation—or at least a stabilization—of the value of U.S. currency. The high relative rates of return particularly affected the dollar price of European currencies, as they became less desirable to hold. Comparable rates of return available for the Canadian dollar and the Japanese yen (via investment in the Japanese stock market) helped those currencies retain much of their U.S. dollar value into February.

The Reagan Presidency has given currency traders considerable confidence in the dollar's future. Administration policies are viewed as reducing inflationary tendencies, increasing the productivity of U.S. industry, and expanding investment opportunities. All should prove positive for the long-term international value of the dollar.

Polish Crisis Strengthens Dollar

The crisis in Poland also proved strongly beneficial to the dollar. Even the slightest hint of impending continental conflict sends currency traders scurrying to dispose of European monies, particularly German marks.

The Canadian dollar, with its home far from the Polish border, proved to be one good refuge, but the U.S. dollar was for many a better choice. The Polish situation also underscored the value of a currency reserve. The two most popular are the U.S. dollar, by far, and the German mark. With the mark threatened, the rush to the dollar became nearly a panic. Had the situation arisen at any time other than late February to early March, the yen might have done much better. However, the Japanese stock market had a slight reversal, and predictions for the coming year's GNP growth did not prove very positive. As a result, German marks, French francs, and Swiss francs that could have been converted to yen were switched to dollars. In fact, the rush to the dollar even led to the yen's slight depreciation.

The recession in West Germany also contributed to the dollar's rise. Interest rates in West Germany, now at postwar highs, cannot be raised for fear of deepening the economic slowdown. Therefore, speculators will look first to other currencies. The rising cost of dollars has also led to much higher import bills for oil (payable in dollars), exacerbating balance-of-payments problems and further eroding the value of the mark.

The continuing high U.S. interest rates, further improvement in the balance of payments, passage of the administration's budget in Congress, and upheaval in Europe would continue to benefit the dollar. Any depreciation would probably follow expected drops in the rates of return available for dollar deposits. Only strong signs of stabilization in Western Europe after recent elections will have a similar effect in the coming months. (David Stallings, 202 447-8457)

WORLD ENERGY SITUATION

Oil Plentiful at Stable Prices

World petroleum consumers continue to experience a respite from the mounting prices of the last 2 years. Inventories are still growing, while demand in the West continues to fall, exerting downward pressure on prices. While OPEC producers continue to debate the low price levels and production cuts, plentiful supplies and stable prices will probably last at least through 1981.

World petroleum production declined from the alltime high of 62.8 million barrels a day in 1979 to 59.7 million in 1980 and has continued to drop to just over 58 million so far this year. Petroleum demand in industrialized countries, which still absorb 80 percent of the world's petroleum supplies, declined 6 percent last year and is expected to fall 4 to 5 percent further this year because of the combined effects of economic recession, substitution of other fuels, and energy conservation. On balance, production this year has exceeded demand by 2 to 3 million barrels a day.

The war between Iran and Iraq caused a shorter-than-expected reduction in oil exports from the two countries. Both countries are now back in the market and expect to increase their current export rate of just over 2 million barrels a day.

The Arab Gulf countries, which increased production by 1.5 million barrels a day to fill the gap from the war, have cut back their output only marginally since then. Outside the region, Nigeria has reportedly decreased its production from 2.2 million barrels a day in 1980 to the present 1.5 million. Mexico, not an OPEC member, upped production from 1.7 million barrels a day last year and may have now reached 2.6 million. With the exception of the petro-dollar surplus countries of Saudi Arabia, Kuwait, Libya, Qatar, and United Arab Emirates (whose combined total represents a quarter of the world petroleum production), few other petroleum exporters are in a position to cut production and exports because they need to maximize petroleum export earnings.

The official OPEC crude prices were raised last December from \$30 to \$37 a barrel to \$36 to \$41, even though Saudi Arabia maintained its \$32 price introduced last November. The world weighted-average price increased from \$33.50 a barrel last December to \$35.46 in January and then to \$35.53 in February. By May, however, it declined to \$35.33, as spot prices and premiums were slashed in the softening market.

World crude petroleum production

Region	1979	1980	1981 ¹
<i>Million barrels/day</i>			
OPEC	30.8	26.8	24.0
USSR	11.7	12.0	12.2
USA	8.5	8.6	8.5
Canada	1.5	1.4	1.4
Mexico	1.5	1.9	2.5
North Sea ²	2.0	2.1	2.2
China	2.2	2.1	2.0
Other	4.6	4.8	5.2
Total	62.8	59.7	58.0

¹Forecast. ²United Kingdom, Norway, and Denmark.

OPEC Oil Ministers Meet

The OPEC Oil Ministers' meeting, which took place in Geneva on May 25 and 26, again pitted Saudi Arabia—concerned with orderly marketing, unified prices, and long-term pricing strategy—against the other members who were chiefly preoccupied with falling prices. Saudi Arabia refused to cut its production and raise its price to the OPEC benchmark of \$36 a barrel, while the other members refused to freeze their prices through the end of 1982. The compromise agreement that finally emerged is rather ambiguous. OPEC members voted to cut their petroleum production a minimum of 10 percent as of June, in the hope of erasing the glut on world petroleum markets, and freeze current prices through the end of this year. Iran and Iraq have been exempted from the cut to allow them to expand production, and Saudi Arabia may cut its output and raise its price to \$34 a barrel sometime during the year. As a concession, the members also voted to revive the long-term marketing strategy proposal under a committee chaired by Saudi Arabia.

It is not clear whether the 10-percent cuts would apply to the current depressed production, which reflects low demand, or to the levels that existed 6 months ago. Either way, the cuts would total about 1.5 million barrels a day, hardly sufficient to eliminate excess supplies. Thus, the average world petroleum price this year is likely to remain in the vicinity of \$35 a barrel, and supplies should be more than adequate. (Francis Urban, 202 447-8106)

WORLD FERTILIZER SITUATION

Record 1979/80 Use

Recently released official statistics indicate that total world fertilizer use in 1979/80 reached a record of nearly 112 million tons. Overall nutrient use exceeded the previous year by about 3.4 percent, with nitrogen gaining the most—6.5 percent. Phosphate was up 3.9 percent, but

potash declined 4 percent. Potash consumption fell because of tight supplies and sharply higher prices, primarily caused by a 19-percent drop in Soviet potash production in 1979. Preliminary forecasts for 1980/81 anticipate that world fertilizer use should grow by 4 percent to about 117 million tons.

World fertilizer consumption

Nutrient	1978/79	1979/80
	<i>Million metric tons</i>	
Nitrogen (N)	53.68	57.16
Phosphate (P ₂ O ₅)	29.91	31.08
Potash (K ₂ O)	24.43	23.43
Total	108.02	111.67

Source: FAO Monthly Bulletin of Statistics, March 1981.

Nitrogen and Potash Prices Up; Phosphates Down

Current international spot prices for nitrogen are substantially higher than in early 1980; phosphate prices are generally lower; and potash prices are moderately higher. For example, U.S. Gulf spot prices for ammonia and urea in early June 1981 were up by 32 and 25 percent, respectively, from the beginning of 1980. Meanwhile, U.S. Gulf diammonium phosphate and triple superphosphate prices fell 27 and 18 percent, respectively. Canadian potash prices held steady throughout 1980 and increased 8 percent in January 1981.

Factors contributing to recent gains in international nitrogen prices include:

- higher hydrocarbon feedstock prices for ammonia caused by OPEC price increases, curtailed petroleum production by Iran and Iraq, natural gas price increases in Europe (especially the Netherlands and the United Kingdom), and higher U.S. gas prices resulting from phased deregulation;
- prolonged strikes (now settled) last winter and early spring at ammonia plants in Trinidad-Tobago (an important exporter to the United States and Europe);
- urea production shortfalls in Mexico and greater-than-expected domestic consumption in Indonesia, forcing them to import rather than export urea;
- aggressive Soviet negotiations to increase ammonia contract prices for delivery to Europe and the United States, resulting in curtailed ammonia availability in the U.S. Gulf spot market;
- large Chinese urea purchases; and
- urea production lost because of the Iran-Iraq war.

Nitrogen prices should be more stable during the rest of 1981 because of resumed production in Trinidad, improved output in Mexico, stable OPEC petroleum prices, and the ending of planting season in the Northern Hemisphere.

Phosphate fertilizer export prices declined from peaks reached in early 1980, following a reduction in U.S. and foreign demand in spring 1980. Resistance to high phos-

International spot prices for principal fertilizers and raw materials

Product/Origin	January 7 1980	June 30 1980	January 5 1981	June 1 1981
<i>Dollars per metric ton¹</i>				
Anhydrous ammonia				
W. Europe	150-155	² 180-185	² 160-165	² 215-225
U.S. Gulf	138-142	150-155	132-136	180-190
Urea				
W. Europe	³ 185-190	³ 206	210-215	210-215
U.S. Gulf	155-160	177-180	193-198	195-198
Muriate of potash (Standard grade)				
W. Europe	89-90	120-125	120-125	110
Canada	98-115	98-115	110-120	110-120
Phosphoric acid (100% P ₂ O ₅)				
U.S. Gulf	370-375	385-390	370-375	345-350
Morocco	380-400	380-400	380-400	380-400
Diammonium phosphate (DAP)				
U.S. Gulf	255-265	211-214	220-230	187-193
Tunisia	275-280	260-270	260	240-250
Concentrated superphosphate (TSP)				
U.S. Gulf	191-195	170-173	192-198	155-162
Tunisia	195-205	195-205	³ 237-240	³ 237-240
Sulfur (Solid)				
W. Europe	115	115	125-135	125-135
Canada	120-125	125-130	133-134	125-130

¹Prices quoted are f.o.b. bulk unless otherwise noted. ²C.i.f. ³bag.
Source: Green Markets.

phate prices and unfavorable economic conditions in the agricultural sector caused the drop. Demand has since returned to more normal levels; however, phosphate prices remain below a year earlier. Increased capacity and higher operating rates in U.S. plants brought about a phosphate inventory buildup. Ending inventories of processed phosphates held by U.S. producers were up 25 percent in March 1981, compared to year earlier stocks. Diammonium phosphate stocks were up 35 percent. The presence of larger inventories has depressed phosphate prices. Furthermore, additional phosphate supplies were available in U.S. and world markets because of the embargo on U.S. phosphate exports to the Soviet Union. The embargo was lifted on April 24, 1981—at the same time that restrictions on agricultural exports to the USSR were eliminated. Shipments are expected to resume during June. Little immediate price impact is expected.

Potash supplies were near normal in 1980 and so far in 1981, because Soviet production improved and Canadian output increased. As a result, potash prices have been stable. Also, Canadian capacity expansions planned for the 1980's would insure long-term supply availability; stable prices are expected. (Richard Rortvedt, National Economics Division, 202 447-7340)

AGRICULTURAL COMMODITY PRICES

Increased Supplies and Sluggish Demand Depress Prices

Prices of major agricultural commodities have declined sharply since the beginning of the year. Two recent developments indicating record world grain production in 1981—large crops in the Southern Hemisphere and improved soil moisture in North America—have had a depressing effect on agricultural prices. Other factors contributing to the downturn in prices are high interest rates in the United States and reduced demand in Western Europe as a result of a recession.

Export Prices Decline

The prices of wheat, corn, sorghum, and soybeans at the Gulf ports in May were below January, but above a year earlier. The price of sorghum fell the sharpest, dropping 9.8 percent from January to \$138 a metric ton in May. Wheat and corn prices declined 8.4 and 7.7 percent, respectively, over the first 5 months, while soybeans fell slightly to \$291 metric ton, only \$8 below January. In February, soybean prices dropped 32 percent from the previous month.

The premiums that the USSR was paying for grain appear to have weakened because of increased world supplies and the lifting of the partial grain sales limitation to the USSR. Argentine wheat, f.o.b. Buenos Aires, declined to \$189 a metric ton in May, a premium of 8 percent above the U.S. price, compared to a 21-percent premium a year earlier. Argentine corn export prices have been below those of the United States since March because of the record 1980 Argentine crop. In May, the price of Argentine corn was 96 percent of the U.S. price, compared to a premium of 28 percent above the U.S. price a year earlier.

C.I.F. Rotterdam prices have followed the pattern of those for the Gulf ports. U.S. corn prices in Rotterdam have declined 7.7 percent since January. Although the export price of Argentine corn is lower than that of the United States, Argentine corn in Rotterdam is priced higher than U.S. corn, which is historically the situation. U.S. wheat, c.i.f. Rotterdam, fell to \$206 a metric ton in May, an 11.6-percent drop from January. Although \$7 below January's price of \$323, U.S. soybeans, c.i.f. Rot-

terdam, rebounded in April to \$316 a metric ton, but dropped to \$306 in May.

Import Prices

The New York spot price of coffee began the year at \$1.25 a pound and then fluctuated within a very narrow range, closing at \$1.26 by the end of May. Coffee prices have stabilized since the International Coffee Organization instituted export quotas last October. Sugar prices continued to tumble as the New York spot price in May averaged 17 cents a pound, less than one-half of what it was only 7 months ago. Reasons for the sharp decline include a strengthening of the dollar relative to the pound, the drop in the gold price, and weaker speculative activity. The New York spot price of crude rubber dropped to 59.1 cents a pound, the lowest since February 1979.

Quarterly Export Unit Values Up

The average unit value for major U.S. agricultural exports in the first quarter of 1981 was up 1.3 percent from the previous quarter and 11.9 percent from a year ago. Soybean oil and corn byproducts were valued lower than in first-quarter 1980, but most other exports were valued higher. The biggest gains were in milled rice, raw cotton, grain sorghum, and corn.

Quarterly Import Unit Values Down

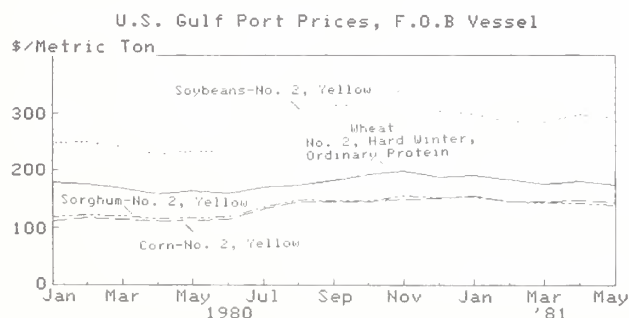
The average unit value for major U.S. agricultural import commodities in the first quarter of 1981 was down 4.6 percent from last quarter and 2.2 percent from a year earlier. Cocoa beans, coffee, and tobacco led the decline. Import items such as sugar, tomatoes, and bananas were priced much higher than last year.

U.S. Farm Prices Drop From January

Prices received by farmers in May declined from January because of reduced export demand and growing export competition from the Southern Hemisphere. Soybean prices received by farmers declined over 6 percent since January and 4.3 percent from April. The price drop has been attributed to export competition from South America. In addition, wheat prices dropped 2.5 percent in May from a month earlier. Corn prices held steady over the last few months, fluctuating between \$3.20 and \$3.25 a bushel.

U.S. CPI Rises During January-April

The Consumer Price Index rose 2.4 percent from January before April's seasonal adjustment to 266.8 (1967=100), a 0.6-percent increase from March. The index for food and beverages was unchanged in April, following slight rises in February and March. Grocery store prices declined 0.2 percent. The index for meat, poultry, fish, sugar, and fats and oils fell, while fruit and vegetable prices rose. (Bradley Karmen, 202 447-9160)



U.S. AGRICULTURAL TRADE

Agricultural Exports Up 13 Percent

U.S. farm exports in the first 7 months of fiscal 1981 amounted to \$28.1 billion, compared with \$24.8 billion a year ago, a 13-percent increase. Grain shipments through April ran 8 percent above a year ago, offsetting volume declines in oilseeds and products. Meanwhile, Gulf export prices for grains and soybeans strengthened in April and early May. Strong movements of soybean meal, wheat, and feed grains have had the effect of stabilizing the U.S. agricultural export forecast for fiscal 1981 at \$46 billion. (See Outlook for U.S. Agricultural Exports, May 19, 1981.)

Following 2 days of consultations with the Soviet Union, June 8 and 9, the United States has agreed to supply 6 million tons of grains—3 million tons each of wheat and corn—between now and September 30, 1981, without further consultation. In addition, the USSR may also purchase 3 million tons of wheat and/or 3 million tons of corn for delivery after September 30, on the same basis as other buyers so as not to disrupt markets.

Prospects for another record year of U.S. corn exports, in addition to a short corn crop in 1980, have pushed the export price at the Gulf up to \$144 a metric ton for April, or \$36 a ton above a year ago. Shipments through April totaled 39 million tons. Over a fifth of this (8 million) went to Japan. Other significant markets include USSR, Mexico, Poland, Brazil, Korea, and Spain.

Wheat exports during January-April, ordinarily the lightest period, averaged 3.5 million tons a month versus 2.5 million last year. China has already taken 4.7 million—one-fifth of total U.S. wheat exports since October. The Soviet Union was the next largest market, at 3 million. Nearly 2 million tons have already been shipped to Japan, one of the United States' most consistent buyers. Other significant wheat markets during this period included Mexico, Egypt, Peru, Iran, Brazil, and Korea.

U.S. rice exports to Korea remained strong in April and now stand at 819,000 tons during October-April—more than twice the level of a year ago and 42 percent of total U.S. rice exports. Other major U.S. rice markets showing significant increases during the first 7 months include Saudi Arabia, Nigeria, and Peru.

Exports of oilseeds and products continue to be a pivotal point in U.S. agricultural trade during fiscal 1981. Sluggish demand for soybeans and products, in addition to larger crops in South America, have had a dampening

effect on prices. The Rotterdam price for #2 yellow soybeans fell from \$363 a ton in November 1980 to \$298 in February 1981. Prices for soybean meal and oil showed similar declines over the same period.

U.S. exports of soybeans in the first 7 months totaled 13.6 million tons, compared with 16.2 million a year ago. Shipments to Western Europe have picked up recently but are expected to end the year 15 to 18 percent below 1979/80. Countries that are expected to help support U.S. soybean exports are Japan, Mexico, Taiwan, and Korea.

Following a record 855,000 tons shipped in March, soybean meal exports of 726,000 tons in April brought the total for the first half of the year to 4.4 million tons, 5.5 percent below a year ago. Soybean meal exports have apparently benefitted from large vegetable oil supplies in Western Europe and the reluctance by many importers and feeders to hold stocks of soybeans for crush because of high interest rates and poor crushing margins. As a result, soybean exports are expected to reach 6.7 million tons in fiscal 1981.

Soybean oil exports during October-April were 47 percent below a year earlier. Contributing factors include: (1) drastically reduced shipments to India, Pakistan, and China, three of the largest U.S. markets; (2) high global stocks of soyoil at the end of fiscal 1980; and (3) increased competition from Malaysian palm oil, Brazilian soyoil, and Philippine coconut oil.

The U.S. cotton export estimate was raised in June to 6.1 million 480-pound bales (1.3 million tons) for fiscal 1981, in light of larger-than-expected shipments in the first half of the year. Export prices are nearly \$400 a ton more than a year ago.

Japan To Remain Largest U.S. Market

Japan, with October-April shipments of U.S. agricultural products totaling \$4.3 billion, will remain the largest U.S. market for farm products in 1981. Mexico has already taken \$1.9 billion in U.S. farm products this year and expects to take another \$1 billion, making it the second largest U.S. market. Exports to the EC are projected to fall 3 percent this year largely because of poor economic conditions throughout most of Western Europe. Corn exports to Africa remain very large, 1.6 million tons, compared to 1.1 million a year ago. A portion of the increase went to the drought-affected areas in East Africa. (Stephen R. Milmo, 202 447-9160)

WORLD COMMODITY DEVELOPMENTS

Grains

Early Production Prospects Favorable

Early prospects are generally favorable for world grain production, including milled rice, in 1981/82. In most areas, early season growing conditions have been good,

and recovery is anticipated from last year's reduced harvests. Output is forecast at 1.50 billion tons, 5 percent above 1980/81 and about on trend. This early in the growing season the outcome is uncertain, and production is estimated in a range of 1.47 to 1.54 billion tons.

World harvested area will likely expand about 1.4 percent. The greatest increases are expected in the United

World grain supply and utilization¹

Item	1978/79	1979/80	1980/81 ²	1981/82 ³
<i>Million tons</i>				
Production	1,436	1,416	1,429	1,504±37
Trade	175	199	211	219±10
Consumption	1,432	1,444	1,445	1,480±23
Carryover stocks	220	191	165	189±20

¹Coarse grains, wheat, and milled rice. ²Estimated. ³Forecast.

States, Canada, and the USSR. Yields should recover significantly in the United States and the USSR, accounting for virtually all of the global yield improvement.

At this time, world grain utilization will likely increase less than 2 percent in 1981/82. Feed use of wheat and coarse grains is projected to rise about 3 percent, recovering from a decline in 1980/81. Most of the increase is likely to occur in the USSR and the United States.

Grain trade may increase 8 million tons over 1980/81's record. Virtually all the expected growth will be in coarse grains. Argentina and South Africa have large grain supplies available from recently harvested crops. Canada and the United States are also forecast to expand exports. At the same time, larger production is likely in importing regions, and demand prospects are weak. So, a more competitive atmosphere is expected in world markets.

Wheat and Coarse Grains Recovery Anticipated

Foreign wheat and coarse grain production will probably increase about 3.5 percent if weather conditions continue their generally favorable pattern in the Northern Hemisphere and crop conditions are more normal in the Southern Hemisphere. Unusually good weather could boost output over 7 percent above 1980/81; however, poor weather across parts of the Northern Hemisphere this summer and in the Southern Hemisphere later in the year could mean no increase in foreign production.

World coarse grain supply and utilization

Item	1979/80	1980/81 ¹	1981/82 ²
<i>Million tons</i>			
Production			
U.S.	238.7	198.7	231.9±21.0
Foreign	500.6	526.7	545.2±19.0
World	739.4	725.4	777.1±25.0
Exports			
U.S.	71.6	73.0	73.0±6.0
Foreign	29.1	31.8	36.4±3.0
World	100.7	104.8	109.4±6.0
Utilization			
U.S.	161.4	147.8	151.9±10.0
Foreign	579.6	595.8	612.5±14.0
World	741.0	743.6	764.4±16.0
Carryover Stocks			
U.S.	52.7	30.8	38.0±11.0
Foreign	36.4	40.1	45.6±4.0
World	89.1	70.9	83.6±13.0

¹Estimated. ²Forecast.

Much of the recovery is expected in the USSR. Growing conditions have been generally favorable, but cool, wet spring weather delayed sowing and slowed grain development. Wheat and coarse grain production is forecast at 200 million tons, with a range from 175 to 210 million.

In China, wheat and coarse grain area will likely continue to decline because of the emphasis placed on cash crops. Growing conditions have been better than last year, and output is likely to recover. Wheat yields should recover but are not expected to match the 1979 record. Output is estimated at 56 million tons (±4), up from 54 million in 1980. Coarse grain yields may be a record high, and production is forecast at 83 million tons (±3), up slightly from last year.

Western European wheat and coarse grain production is expected to fall sharply from the 1980 record. Most of the drop is in Spain, where the harvest may be 22 percent, 4 million tons, below 1980's unusually large crop. Severe drought that lasted through the winter devastated much of the winter grains.

Eastern European grain production will probably increase about 2 percent. Wheat area is down slightly, and yields may be slightly below 1980's record. But, coarse grain area and yields are likely to recover in 1981. In Canada, output is expected to increase about 14 percent, following 2 years of disappointing harvests. Planted area is up sharply, and moisture conditions are good in most areas. Indian wheat and coarse grain production is estimated up over 5 percent, mostly from improved yields.

World wheat use will probably remain near 1980/81. Food use is projected up 2 percent. In China, wheat consumption is likely to rise from the reduced level caused by 1980's short crop. In the developing countries, wheat for food use is expected to increase 4 percent, following a 1-percent gain in 1980/81. Strong gains are expected in many countries, including Indonesia, South Korea, Saudi Arabia, Nigeria, Iran, and Mexico.

Wheat feeding is likely to decline from the unusually high levels of the last 2 years. Feed use may fall about 8

World wheat supply and utilization

Item	1979/80	1980/81 ¹	1981/82 ²
<i>Million tons</i>			
Production			
U.S.	58.1	64.5	71.8±6.0
Foreign	364.1	374.2	387.0±23.0
World	422.2	438.7	458.9±20.0
Exports			
U.S.	37.2	42.0	45.6±4.0
Foreign	48.9	51.3	50.4±3.0
World	86.1	93.3	96.0±5.0
Utilization			
U.S.	21.3	21.6	23.9±1.5
Foreign	423.1	423.8	423.1±15.0
World	444.4	445.4	447.0±15.0
Carryover Stocks			
U.S.	24.5	26.0	28.4±5.0
Foreign	54.2	46.2	55.6±8.0
World	78.8	72.2	84.0±12.0

¹Estimated. ²Forecast.

million tons in the USSR because of the anticipated greater availability of coarse grains. A drop of almost 1 million tons is anticipated in Eastern Europe. These two areas account for 70 to 75 percent of world wheat feeding.

Having remained stable for the past 2 years, world coarse grain use may increase 3 percent in 1981/82, primarily because of a projected 5-percent rise in feed use. Most of the gain is expected in the USSR. Coarse grains will likely be more available to the Soviets in 1981/82 because of prospects for expanded production, abundant exportable supplies in Argentina, and the ending of the sales suspension. So, feed use of coarse grains may climb 14 million tons in the USSR.

Feeding of coarse grains is expected to rise about 3.6 percent in the developing countries. In many areas, rapidly growing poultry industries are creating markets for imported feed grains. Feed use is forecast to increase over a tenth in Mexico and Egypt and about 9 percent in Venezuela. A more modest gain is likely in Brazil following 1980/81's 14-percent growth and a 3.5 percent growth rate is expected in Taiwan, where use increased 9 percent in 1980/81. In South Korea, recovery in the livestock sector is not expected before 1982.

Little expansion in feed use is probable in the developed countries, excluding the United States. Livestock industries are facing high capital and other input costs and weak consumer demand. Cattle numbers are down, and only small increases are anticipated in the pork and poultry sectors. In the EC, use of coarse grains in livestock feed is expected to remain at 58 million tons, depending in part on the price relationship with protein meal and the availability of other feedstuffs. In non-EC Western Europe, feed use will likely increase at a rate close to 1980/81's estimated 2.7 percent. Better pasture conditions may keep Canadian feed use near 1980/81. In Japan, grain use in formula feed may decline marginally if surplus rice is included in livestock rations.

Following increases of 20 percent in 1979/80 and an estimated 8 percent in 1980/81, world wheat trade may rise to 96 million tons. USSR imports may decline from 16 million tons to 14 million as coarse grain purchases increase. China's imports are likely to remain near 1980/81's 13.5 million tons. Eastern European purchases may recover somewhat, depending on harvests and relative prices of wheat and coarse grains. Imports of the developing countries are expected to expand over a tenth. Morocco and Brazil are importing to make up production shortfalls and India may buy wheat in 1981/82. In many other countries, expanding consumption requires increased wheat imports. South Korea will likely take more wheat because of reduced barley production.

Wheat exports of major U.S. competitors are expected to continue near 46 million tons. This outlook depends heavily on crop outturns, because Canada, Australia, and Argentina have low stocks, and exportable supplies will be determined by 1981/82 harvests. The EC has already indicated its intentions to continue its aggressive export sales posture. The EC will likely seek to export wheat to the USSR while expanding its market share in North Africa and possibly Latin America and Asia. U.S. exports are forecast to rise to a record 45.6 million tons—47 per-

cent of world trade. The U.S. share of world trade has averaged 44 percent in the last 5 years.

World coarse grain trade will probably continue to expand in 1981/82. USSR imports may reach 20 million tons, up from the 17 million estimated in 1980/81. Western European purchases should recover from 1980/81's reduced level. Imports of the developing countries will likely continue to rise, with strong gains forecast for Egypt, South Korea, and Taiwan. Mexico's coarse grain imports are projected to decrease from 1980/81's high of 7.7 million tons to about 6.5 million because of prospects for greatly improved harvests this year. Little or no increase in Japanese purchases is anticipated. Eastern European imports are expected to decline.

Exports of major competitors will likely climb sharply as a result of improved harvests. The spring 1981 Argentine coarse grain crop was a record 19 million tons and will substantially affect world prices early in 1981/82. South Africa also harvested a record crop, and exports will approach 5 million tons. Smaller gains are projected for exports from Canada, Australia, and Thailand. U.S. shipments are expected to continue at a record 73 million. Thus, the U.S. share of world trade may decline to about 67 percent from the 70-percent high of the last 2 years.

Prospects indicate a buildup in world wheat and coarse grain stocks in 1981/82. As a percent of use, stocks are expected to recover from a low 12 percent estimated in 1981 to about 14 percent. With improved production and continued large imports, the USSR will probably rebuild stocks. U.S. stocks are also expected to recover. (Sally Byrne, 202 447-9160)

Rice Production to Be Up; Trade Down

World rice production for 1981/82 is forecast at a record 400(±9) million tons of rough rice. This shows an expected increase over the 1980/81 record crop, which totaled 395 million tons. This forecast has been revised upward by 3 million from the December report. In terms of milled rice, world production is forecast at 268 million tons in 1981/82, up from the 265.1 million projected for 1980/81. Total area harvested and yield are each expected to be up marginally in 1981/82.

Despite the present drought, production will likely be up sharply in South Korea over last year's disastrous crop. Moderate gains are expected in the Philippines, Pakistan, and the United States, but a drop is expected in Bangladesh. The world's two largest rice producers, India and China, expect increases that are small in percentage terms but large in tonnage.

In 1982, world rice trade should fall from the projected record of almost 13.4 million tons in 1981, in contrast to the steady rise in rice volume traded during 1978-81. Increased demand from African and Middle Eastern markets may not offset the sharp drop expected in Korean imports in 1982. Korea's 1982 imports are forecast to fall below 1980 and 1981, and that country will probably relinquish its 1981 standing as the world's largest rice importer.

World rice supply and utilization¹

Rice	1979/80	1980/81 ²	1981/82 ³
<i>Million metric ton (milled)</i>			
Production			
U.S.	4.3	4.8	5.0±.25
Foreign	249.7	260.3	263.0±6
World	254.0	265.1	268.0±6
Exports			
U.S.	2.7	3.1	3.0±.20
Foreign	9.6	10.0	9.9±.50
World	12.3	13.1	12.9±.60
Utilization			
U.S.	1.8	1.9	1.9±.07
Foreign	257.1	264.5	266.3±4
World	258.9	266.4	268.2±4
Carryover Stocks			
U.S.	0.8	0.6	0.7±.25
Foreign	22.2	21.2	20.9±3
World	23.1	21.8	21.6±3

¹Totals may not add due to rounding. ²Estimated. ³Forecast.

Nigeria's domestic policy change will likely stimulate rice imports, making it one of the largest rice import markets. Exports from the United States are expected to be down slightly in 1982 from the projected 3.1 million tons in 1981. India will probably remain in the world market, as it may have its fourth consecutive year of sizable rice exports.

Total world carryover stocks in 1980/81 are estimated to fall 1.3 million tons. Carryover is now expected to be 21.8 million. The bulk is held in Asia, with India and Japan together holding half of the world's rice stocks. During 1980/81, Japan's stocks are being drawn down and the country is beginning a program to feed surplus rice to livestock. India's substantial rice stocks will allow for increased exports and domestic use to offset tight wheat supplies.

For 1981/82, world ending stocks are forecast to drop slightly, because world rice consumption is expected to marginally exceed world production. All of the projected increase in rice consumption is outside the United States. Total world rice use will likely rise only 1.8 million tons (milled basis) in 1981/82, compared to a forecast 7.5-million-ton increase for 1980/81. (Eileen M. Manfredi, 202 447-7643)

Oilseeds

Production to Expand

The 1981/82 forecast for total world production of oilseeds and meals indicates greater supplies of high-protein meal. Production of oilseeds is expected to reach 168.9 million tons, just 3.6 percent above 1980/81. But soybean prices may be burdened by the surplus of soybean oil. So, production of alternative crops may be preferred. World protein meal output will likely rise almost 4 percent above the 87.5 million tons in 1980/81. Protein meal consumption may expand modestly, but may not exceed production. World fats and oils production is likely to increase slightly, but use may expand approximate-

World production of protein meals

Item	1978/79		1979/80		1980/81 ¹	
	<i>Mil.</i>	<i>Pct.</i>	<i>Mil.</i>	<i>Pct.</i>	<i>Mil.</i>	<i>Pct.</i>
	<i>m.t.</i>	<i>chg.</i>	<i>m.t.</i>	<i>chg.</i>	<i>m.t.</i>	<i>chg.</i>
High protein meals	83.5	+6	95.9	+14	87.6	-9
Total fats & oils	54.3	+4	58.3	+7	56.9	-3
Edible vegetable oils	37.1	+7	41.0	+11	39.8	-3

¹Preliminary.

ly 2 percent. Therefore, U.S. soybean oil stocks may again rise to a record.

In the Northern Hemisphere, the production outlook is mixed. U.S. oilseed crops will be up if trend yields are achieved. Soybean output may increase 10 percent, despite little change in area. The forecast for 1981/82 Canadian rapeseed projects lower output based on a 22-percent drop in planted acreage. Canadian stocks are expected to remain at last year's record because of increased supplies in other regions. Prices and returns to rapeseed producers fell. Therefore, 1981/82 production should shift to more remunerative crops.

With rapid acreage expansion in France and West Germany, but less favorable growing conditions, normal yields could result in a 1981/82 rapeseed crop for Western Europe that is at or near last year's. Mexico, under a new agricultural policy, is promoting oilseed crop production. Similarly, China has implemented incentive programs to increase output. India is expected to expand production of groundnuts and other oilseed crops. Eastern Europe is also enlarging its oilseed production, but imports will continue to fill a large share of requirements.

In the Soviet Union, wet weather initially delayed planting of the 1981/82 sunflowerseed crop, but sowing was nearly complete by late May. Nevertheless, only a modest increase is expected. Therefore, protein meal supplies in the USSR will continue below requirements. Additionally, Soviet vegetable oil supplies may remain inadequate for domestic needs if sunflowerseed output is adversely affected by weather.

Preliminary indications for the Southern Hemisphere's 1981/82 oilseed production anticipate only small growth. Brazil's 1980/81 soybean crop is almost completely harvested, estimated at 15.7 million tons—the second consecutive record. Brazil's 1981/82 crop can probably reach 16 million tons at best, because acreage will likely expand, but yields may be lower. The likelihood of Argentina expanding soybean cultivation is moderate. Price will remain the critical element in Argentina, since there is much substitution between soybean and corn production. Under favorable conditions, soybean output in 1981/82 can be expected to increase approximately 2 percent in South America, compared with this season's 5 percent gain.

Meal Use Likely to Expand

Utilization of high-protein meals will likely increase slightly in 1981/82. Demand for soybeans and soy meal in

Monthly prices of selected oilseeds, meals, and oils¹

Commodity	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
<i>Dollars per metric ton</i>													
Soybeans													
Rotterdam													
1978	239	239	273	290	290	278	266	262	264	271	270	278	268
1979	284	298	310	300	300	322	322	302	292	283	281	279	298
1980	268	271	264	252	260	262	303	309	335	340	367	324	296
1981	323	306	305	316	306								
Soybean Meal													
Rotterdam													
1978	200	188	215	224	221	208	207	202	208	223	227	227	213
1979	235	238	241	238	240	261	246	236	238	238	251	268	244
1980	244	238	225	218	224	218	243	260	292	310	336	295	259
1981	287	270	265	273	267								
Soybean oil													
Decatur													
1978	460	477	587	600	631	592	569	575	607	593	547	570	567
1979	566	610	614	590	581	609	644	634	659	603	608	576	608
1980	520	512	478	440	445	475	575	571	573	540	579	523	519
1981	494	475	507	511	466								
Copra													
N.W. Europe													
1978	380	397	435	405	417	459	452	456	525	552	574	595	470
1979	670	691	690	728	724	725	735	690	613	601	610	595	673
1980	587	565	520	440	400	430	455	435	403	365	414	422	453
1981	433	411	392	385	389								
Coconut meal													
Hamburg													
1978	170	162	163	166	167	169	173	176	179	186	191	198	175
1979	202	202	205	209	211	218	219	214	222	223	221	223	214
1980	224	226	214	207	210	202	205	208	217	218	224	217	214
1981	220	210	198	194	190								
Coconut oil													
Rotterdam													
1978	541	561	650	600	596	646	644	657	778	805	835	886	683
1979	966	981	986	1,062	1,056	1,062	1,095	1,002	905	907	907	885	984
1980	885	840	760	660	618	630	648	620	590	580	650	610	674
1981	614	603	524	552	563								
Peanuts													
N.W. Europe													
1978	562	558	557	635	660	667	634	615	638	654	645	628	621
1979	636	621	605	628	597	540	580	560	535	520	472	480	565
1980	480	500	485	461	442	440	470	507	nq	nq	nq	620	489
1981	627	650	nq	² 750	750								
Peanut oil													
Rotterdam													
1978	956	910	1,020	1,127	1,128	1,106	1,042	1,044	1,210	1,194	1,191	1,022	1,079
1979	976	969	972	970	925	893	913	867	872	812	775	720	889
1980	744	778	720	708	733	713	860	914	928	934	1,093	1,180	859
1981	1,110	1,100	1,115	1,105	1,185								
Rapeseed													
N.W. Europe													
1978	294	298	319	330	nq	321	287	258	274	286	297	299	297
1979	284	306	317	300	304	318	324	327	326	318	311	306	313
1980	304	304	285	270	290	306	329	319	321	319	363	² 323	311
1981	319	299	299	315	305								
Fishmeal													
Hamburg													
1978	452	434	434	416	410	408	401	405	387	384	398	390	410
1979	381	382	381	366	368	393	415	400	394	394	415	450	395
1980	491	518	478	470	505	484	479	490	501	512	568	557	504
1981	541	518	507	501	504								
Palm oil													
N.W. Europe													
1978	514	558	598	603	624	654	622	585	615	623	604	604	600
1979	636	694	688	666	665	675	678	652	640	602	620	630	654
1980	662	683	637	611	584	555	545	518	501	507	585	622	584
1981	625	640	620	585	610								

¹All prices c.i.f. European ports except soybean oil which is f.o.b. Decatur. ²Weeks only. Source: Oil World; various issues.

Selected oilseed crop production

Crops	1978/79		1979/80		1980/81 ¹	
	Mil. m.t.	Pct. chg.	Mil. m.t.	Pct. chg.	Mil. m.t.	Pct. chg.
NORTHERN HEMISPHERE						
United States						
Soybean	50.9	+6	61.7	+21	49.5	-20
Sunflower	1.8	+38	3.5	+94	1.8	-49
Peanut	1.8	+7	1.8	0	1.0	-43
USSR						
Sunflower	5.3	-10	5.4	+2	4.7	-13
Canada						
Rapeseed	3.5	+84	3.4	-3	2.5	-26
India						
Peanuts	6.2	+2	5.8	-6	6.0	+3
Senegal						
Peanuts	1.1	+57	.6	-45	.5	-17
SOUTHERN HEMISPHERE						
Brazil						
Soybean	10.2	0	15.0	+47	15.8	+5
Argentina						
Soybean	3.7	+37	3.7	0	3.9	+5
W. Malaysia						
Palm oil ²	2.0	+23	2.4	+18	2.7	+12

¹Preliminary. ²Continuous production.

1980/81 was weakened by low profitability of livestock production and substitution of other cheaper oilseed meals and grain byproducts. In Western Europe, soybean imports fell because of increased rapeseed supplies. Also, France's rapeseed exports rose sharply because the market was saturated and crush was at capacity. High interest rates and the large volume of vegetable oils discouraged stock building and crushing of soybeans. In addition, the strong U.S. dollar further raised prices of U.S. soybeans in Western European markets.

Western European demand for soybeans in 1981/82 is likely to recover. Factors that may continue to dominate that region's import demand for soybeans are the continuation of high interest rates, the strength of the U.S. dollar, and the level of rapeseed use. Oilseed meal imports for 1981/82 in Eastern Europe are expected to remain at the 1980/81 record, while soybean imports may decline slightly because of limited crushing capacity. Eastern Europe's protein meal use has been expanding in feed rations.

The ending of the U.S. sales suspension, combined with the Soviet Union's troubled 1980/81 sunflowerseed crop, could imply that the Soviet Union will become a significant market for U.S. oilseeds and products through the end of this year and into the next. In China, increased domestic supplies may enable that country to further reduce imports. Therefore, U.S. soybean exports to China could decline from the reduced 1980/81 volume.

Japan's 1981/82 import demand for U.S. soybeans is expected to recover. In 1980/81, imports declined slightly after stocks rose unexpectedly following large 1979/80 purchases. Other markets—for example Taiwan, North Africa, and the Middle East—are expanding import demand. Taiwan will likely raise imports of soybeans nearly 10 percent. Despite improved production, Mexico will continue to import oilseeds.

World protein meals and edible vegetable oils

Item	1978/79	1979/80	1980/81 ¹
Million metric tons			
Protein meals ²			
Production	83.5	95.9	87.6
Stocks, change			
in soymeal	-4	+6.2	-1.6
Consumption	83.9	89.7	89.2
Edible vegetable oils			
Production	37.1	41.0	39.8
Stocks, change			
in soyoil	+1	+1.0	-.1
Consumption	37.0	40.0	39.7

¹Preliminary. ²44% protein meal equivalent.

The total 1981/82 outlook for soybean and soybean meal imports is still relatively uncertain because of the preliminary forecasts of the South American oilseed supply. However, in general, demand for soybeans and meal should expand moderately in response to greater poultry production.

World Vegetable Oil Surplus

Production of vegetable oils in 1980/81 was cut only 2.5 percent, even though protein meal supplies were cut 8.7 percent. This was attributed to a decline in production of high-meal-content oilseeds and an increase in palm and coconut production. Weakened export demand for vegetable oils has significantly affected the 1980/81 volume of U.S. soybean oil exports, thereby lowering their price. U.S. exports are currently estimated at 0.75 million tons, more than 39 percent below 1979/80. India, typically a large buyer of U.S. soybean oil, bought only a fraction of the amount imported a year ago. U.S. exports have faced strong competition from Malaysian palm oil, Brazilian soybean oil, Canadian rapeseed oil, and Philippine coconut oil exports.

Based on projected income and population growth, 1981/82 world utilization of vegetable oils is expected to grow. Supplies of Brazilian soybean oil will likely continue to expand. U.S. soybean oil exports should increase slightly as stocks of palm oil are drawn down. Despite larger exports and domestic use, U.S. 1981/82 carryover stocks of soybean oil will continue large. Some strengthening of prices and slower expansion in foreign oils should improve the outlook for U.S. soybean oil and the world oilseed situation in general.

U.S. Peanut Import Quota Amended

To modify the peanut import quota, the United States Trade Representative issued proclamation 4807 on December 4, 1980. This action was designed to alleviate the shortage of U.S. edible grade peanuts. The new quota allowed 200 million pounds of peanuts (shelled basis) to be imported by June 30, 1981. Since April 14, the quota was raised again, allowing an additional 100 million pounds by July 31, 1981. The total import quota, 301.7 million pounds, includes the 1.7 million under Section 22 of the Agricultural Adjustment Act.

China, India, Sudan, and Argentina supplied most of the peanuts that filled the 301.7-million-pound quota for 1980/81. U.S. peanut supplies are expected to recover following last year's weather-reduced crop. U.S. exports are likely to resume and should reach 70 percent of 1979/80. (Jan A. Lipson, 202 447-9160)

Livestock and Poultry

Meat Production to Level off or Decrease Slightly

Total world meat production in 1981 is expected to level off and may decline slightly because the increase in global poultry production may not quite offset an expected reduction in world pork output. A cost-price squeeze due to higher feed prices and other costs, and weak economic conditions in some countries, may continue to hurt livestock and poultry operations this year.

Pork Production Slows

Pork output in the major producing regions is forecast to decline to 34 million tons in 1981, a slight drop from 1980 and the first decrease in 5 years—the result of producers cutting back breeding herds and pig crops as feed costs rose and returns to producers were poor. An oversupply of pork occurred in some countries as the production increases of the last few years were coupled with weak economic conditions.

Declines in U.S. pork production this spring will likely continue throughout the year, reducing output 6 to 8 percent—a return to 1979 levels. Canadian output is forecast to decline as producers respond to higher production costs and weak prices, but exports to the United States and Japan should continue to increase. In Mexico, a large buildup of swine in 1979 reduced pork prices in early 1980, and uncertain feed supplies caused a substantial sell-off last year. Numbers are expected to build moderately in 1981, because prices firmed last fall and feed supply prospects will likely improve. As a result, production is expected to remain about the same or increase moderately, with a return to average slaughter weights.

Pork production

Country	1978	1979	1980 ¹	1981 ²
<i>Thousand metric tons</i>				
United States	6,075	7,008	7,537	7,010
Canada	620	750	890	850
Mexico	425	430	470	469
Germany, Fed. Rep.	2,618	2,688	2,725	2,735
France	1,609	1,686	1,682	1,666
Netherlands	993	1,065	1,068	1,100
Total EC-10	8,733	9,186	9,314	9,339
Eastern Europe ³	4,750	4,811	4,920	4,669
USSR ³	5,302	5,289	5,050	4,700
Japan	1,284	1,430	1,476	1,450
Other	5,035	5,543	5,857	6,035
Total	32,224	34,447	35,514	34,522

¹Preliminary. ²Forecast. ³Includes fat in USSR and Poland.
Source: Foreign Agricultural Service.

A slight decline in output is expected for Japan in 1981, but imports are anticipated to rise over 50 percent from last year's 154,000 tons (carcass weight). Eastern European feed shortages have adversely affected livestock and pork output is forecast to fall in 1981. In the USSR, a decline is also likely in pork production. Inventories have been maintained near record levels in anticipation of improved feed supplies later in the year.

Beef Supplies May Remain Constant

World beef and veal production may continue relatively unchanged from a year earlier. Depending on world beef prices, some producers could hold back animals and reduce total slaughter. However, because of increased herd inventories, some expansion in meat output is also possible.

U.S. production of beef and veal is expected to continue to rise marginally. However, projected increases in livestock prices are not likely to cover all costs for most producers. Increases are also anticipated in Canada and Mexico, but they will not cover expected declines in Australia, the EC, and Eastern Europe.

Australian livestock are still feeling the effects of the drought that is delaying the expected upturn in cattle numbers and left ewes in poor condition, reducing the future availability of lambs for slaughter. Declining beef production in Australia is expected to reduce the amounts available for both export and consumption. Beef and veal output in the EC may also decline as oversupply continues to be a problem. For the first time in 1980, and again in 1981 the EC is expected to be a net exporter of beef and veal because of healthy export subsidies.

Poultry Production Continues To Expand

Continued expansion is expected for poultry production, even with higher feed costs. The rate of gain in 1981 is anticipated to pick up after 1980's relatively slow growth. As new markets open up, especially in the Middle East and North Africa, more producers are looking to increase exports.

Beef and veal production

Country	1978	1979	1980 ¹	1981 ²
<i>Thousand metric tons</i>				
United States	11,283	9,925	9,999	10,003
Canada	1,060	946	975	1,025
Mexico	1,054	1,025	1,055	1,075
Argentina	3,193	3,092	2,865	2,810
Brazil	2,200	2,100	2,200	2,250
France	1,663	1,824	1,795	1,760
Germany, Fed. Rep.	1,435	1,519	1,563	1,560
Italy	1,027	1,106	1,150	1,160
Total EC-10	6,511	6,903	7,086	6,903
Eastern Europe	2,021	2,061	2,077	1,919
USSR	7,086	7,029	6,750	6,700
Australia	2,134	1,768	1,524	1,434
Other	5,461	5,324	5,490	5,590
Total	42,003	40,173	40,021	39,709

¹Preliminary. ²Forecast.
Source: Foreign Agricultural Service.

Poultry production

Country	1978	1979	1980 ¹	1981 ²
<i>Thousand metric tons</i>				
United States	5,879	6,507	6,636	6,934
Canada	484	539	519	529
Mexico	388	404	436	463
Brazil	858	1,096	1,330	1,545
France	963	1,034	1,128	1,177
Total EC-10	3,701	3,787	3,943	4,037
Eastern Europe	1,915	2,040	2,114	2,196
USSR	1,902	2,017	2,150	2,250
Japan	1,027	1,109	1,152	1,182
Other	2,406	2,532	2,442	2,563
Total	18,631	20,031	20,722	21,699

¹Preliminary. ²Forecast.

Source: Foreign Agricultural Service.

In the United States, poultry production continues to rise in 1981. Poultry prices are expected to strengthen, despite higher output, as consumer demand for poultry meat increases because of forecast reduced pork production and higher pork prices. Exports of poultry meat should also continue to remain large. Production in the EC is projected to be up in 1981. Encouraged by high export subsidies, operations producing for export are expanding, especially in France.

Production of Brazilian poultry is again expected to show dramatic gains in 1981. Brazil is becoming one of the major poultry exporters. Some expansion is expected in USSR and Eastern European poultry output, in contrast to forecast declines in production of other meats. (Linda M. Bailey, 202 447-9160)

Sugar

Sugar Production Likely to Increase

Increased area in some countries and larger crops in the USSR and Cuba are expected to help boost global sugar production in 1981/82. Although sugar prices have declined so far in 1981, expanded area is likely in Brazil, Australia, and some countries in the EC, because of higher prices earlier. A larger crop is expected in the Soviet Union, assuming better weather; Cuban output is likely to be up as its variety replacement program shows results. Global production in 1981/82 is forecast up 3 to 9 percent. Given a larger world crop and some improvement in economic conditions, world sugar use in 1981/82 is likely to rise from this year's depressed level.

Global sugar production in 1980/81 is forecast at 86.1 million tons, down 1 million from last November's estimate but still nearly 2 million above the much-reduced 1979/80 crop. The lower estimate primarily reflects smaller-than-expected output in India, Mexico, and the USSR. The Soviet estimate was trimmed because severe winter freezing and thawing resulted in reduced sugar beet content and lower government procurement. However, the European beet crop is forecast up more than previously expected because of a larger Italian crop.

World sugar use in 1980/81 is estimated at around 89 million tons, down 1 million from last season. Large

gains in high fructose corn syrup in the United States and Japan, relatively high sugar prices, sluggish world economic activity, and policy decisions limiting sugar use in some nations are the major factors behind the decline. Use is expected to drop in the USSR, Japan, India, the United States, and Turkey.

The International Sugar Agreement (ISA) world sugar price dropped to an average of 24.6 cents a pound in first-quarter 1981, down about 4 cents from the December 1980 average. The price continued to decline, averaging 17.8 cents per pound in April and 15.1 cents in May, because of a strengthening of the dollar relative to the pound, the drop in the price of gold, and continued high interest rates that dampened speculative activity. However, tight supplies suggest upward price potential over the next several months. World stocks remain low and are estimated to drop nearly 3 million tons in 1980/81. By fall, the size of the 1981/82 crop will be a primary price determinant.

Falling Prices Trigger ISA Quotas

Declining sugar prices have triggered ISA import restrictions and export quotas. In mid-April, the ISA prevailing price (15-day market average) went below 21 cents and remained there for 5 consecutive days, forcing ISA members to restrict sugar imports from non-members. On May 14, sugar export quotas of the ISA came into force, after the prevailing price fell below 16 cents a pound for 5 consecutive market days.

World centrifugal sugar production¹

Country	1969/70 71/72	1978/79	1979/80	1980/81 ²
<i>1,000 metric tons</i>				
North America	17,516	19,749	17,704	17,216
Canada	127	125	109	117
United States ³	5,587	5,557	5,187	5,251
Cuba	6,382	7,500	6,500	6,000
Dominican Rep.	1,073	1,203	1,013	1,150
Mexico	2,466	3,058	2,763	2,500
Other	1,881	2,306	2,132	2,198
South America	9,133	12,404	11,601	13,284
Argentina	956	1,387	1,395	1,715
Brazil	5,119	7,740	6,968	8,199
Other	3,058	3,277	3,238	3,370
Western Europe	11,074	14,589	14,772	14,831
EC-10	9,318	12,567	13,055	12,848
Other	1,756	2,022	1,717	1,983
Eastern Europe	4,232	5,541	5,526	4,684
USSR	8,592	9,300	7,800	6,800
Africa	4,729	6,375	6,511	6,249
S. Africa Rep.	1,637	2,209	2,206	1,714
Asia	12,781	19,844	17,003	19,223
China	1,957	2,675	2,637	2,912
India	4,113	7,071	5,213	6,491
Japan	485	693	730	800
Philippines	1,951	2,347	2,325	2,420
Oceania	2,813	3,325	3,447	3,711
Australia	2,467	2,978	2,974	3,251
World Total	70,908	91,127	84,364	86,098

¹September-August crop years, but includes sugar from harvests of several S. Hemisphere countries beginning prior to Sept. ²Preliminary.

³Includes Hawaii and Puerto Rico.

Source: Foreign Agricultural Service.

On May 14, the International Sugar Organization (ISO) provisionally allocated a global quota of 14.3 million tons (raw value) among its exporting members according to their 1980 basic export tonnages. On May 21, the quota was revised upward to 14.7 million tons. However, on May 27, the global quota was lowered 5 percent to 13.9 million tons when the ISA prevailing price dropped below 15 cents a pound for 5 consecutive market days. Yet, on June 8, the prevailing price remained above 15 cents a pound for 5 consecutive market days, and the ISO's executive committee revised the global quota up 5 percent to 14.6 million tons. The global quota is an estimate of free market demand available for distribution among the exporting members.

The quota restrictions may have little immediate impact, however, because countries that have already committed more than their 1981 export quotas will not be penalized, provided they notify the ISO and the sugar is delivered within 90 days from the effective quota date. The ISO also revised 1981's global free-market basic export tonnage to 17.7 million tons, up from 16.2 million in 1980. Basic export tonnages are calculated from the average export performance for each country during the best 2 years from 1978 to 1980. (David B. Young, 202 447-9160)

Coffee and Cocoa

Coffee Production Down, but Prices Still Depressed

World coffee production during 1980/81 is estimated at 80.7 million bags (60 kilograms each), about 700,000 bags below 1979/80. The decline in world coffee production is because of large decreases for El Salvador, India,

World coffee exportable production¹

Country/Region	Average 1971/72- 75/76	1978/79	1979/80 ²	1980/81 ³
<i>Mil. bags (60 kg.)</i>				
North & South America	34.2	38.7	39.4	37.9
Brazil	15.1	12.0	14.0	13.5
Colombia	6.8	11.0	11.0	10.8
El Salvador	2.5	3.0	2.9	2.3
Guatemala	1.9	2.5	2.3	2.3
Mexico	2.2	3.0	2.3	2.2
Costa Rica	1.3	1.5	1.3	1.6
Africa	18.4	15.1	15.6	15.9
Ivory Coast	4.1	4.6	4.1	4.4
Uganda	3.2	1.8	2.1	2.0
Cameroon	1.5	1.6	1.6	1.6
Madagascar	1.0	0.6	1.2	1.3
Ethiopia	1.1	1.3	1.2	1.2
Asia & Oceania	3.2	5.8	6.6	6.6
Indonesia	1.6	3.7	3.7	4.1
India	0.8	1.0	1.7	1.2
World Total	55.8	59.6	61.6	60.4

Kenya, and Peru, mainly caused by adverse weather and terrorists. Production is estimated to be up for the following major producers: Indonesia, Ivory Coast, Costa Rica, Madagascar, Honduras, and Venezuela. Other major producers—Brazil, Colombia, Mexico, Ethiopia, Guatemala, Uganda, Cameroon, Ecuador, Zaire, and Nicaragua—have estimated 1980/81 production to be about the same as the previous year. Though remaining stagnant in 1980/81, Brazil's 1981/82 coffee crop may jump by 50 percent as trees planted after the 1975 freeze begin producing.

Exportable supplies are expected to fall 1.2 million bags, down to 60.4 million for this year, because of the combined effects of the production decline and the expected 2-percent rise in coffee consumption in producing countries.

Coffee stocks in producing countries are expected to be at a 20-year low by the end of 1980/81. However, an expected stock buildup in consuming countries and prospects for a 50-percent increase in the 1981/82 Brazilian harvest have kept prices depressed.

Prices generally continued falling during May-November last year but firmed after the International Coffee Organization's (ICO) export quota cuts in mid-November and December. However, prices fell to a monthly average of \$1.21 a pound in February and have remained in that range through April—the lowest monthly level in over 5 years. (For more complete details, see FCOF 2-81, April 1981.) In June the ICO announced the third cut in coffee export quotas.

Cocoa Production Up Slightly; Prices Down

World cocoa bean production for 1980/81 (October-September) crop year is forecast at almost 1.65 million tons, up marginally from last year's record. Production declines because of bad weather in Nigeria, Ghana, and Cameroon were more than offset by record crops in Brazil and the Ivory Coast. World stocks will likely build for the fourth consecutive year as cocoa bean grindings rise a projected 4.7 percent to 1.55 million tons in 1981. However, grindings will remain well below bean production.

Cocoa bean production and grindings

Country	1977/78	1978/79	1979/80	1980/81 ¹
<i>1,000 metric tons</i>				
Production				
Ivory Coast	304	312	373	385
Brazil	283	314	296	350
Ghana	271	265	296	265
Nigeria	206	139	170	155
Cameroon	107	107	122	118
World Total	1,511	1,498	1,630	1,647
Grindings				
West Germany	142	144	142	151
United States	184	163	160	142
Netherlands	126	126	127	133
United Kingdom	75	72	61	65
World Total	1,367	1,391	1,437	1,480

¹Forecast.

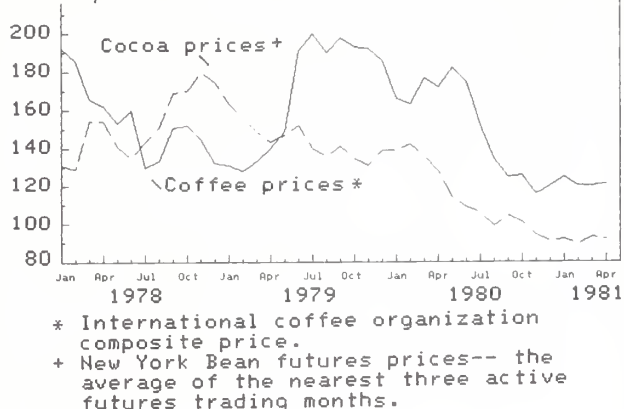
Source: Foreign Agricultural Service.

¹Total harvested production less domestic consumption. ²Estimated.

³Forecast.

Source: Foreign Agricultural Service

Coffee and Cocoa Prices
Cents per lbs.



Stagnant cocoa consumption and stock buildups have caused steady price drops in each of the last 3 years. In 1980, the price was \$1.14 a pound, compared to a record \$1.72 in 1977. By May 1981, prices had fallen to 83 cents a pound, down from \$1.01 last October. Prospects are for continued high bean production and flat demand for cocoa as chocolate manufacturers shift to cocoa substitutes and extenders. Thus, price prospects are not bright for cocoa bean producers.

Neither the world's largest cocoa producer, the Ivory Coast, nor the largest consumer, the United States, has joined the International Cocoa Agreement. Therefore, attempts to stabilize prices between \$1.10 and \$1.50 a pound by use of the buffer stock fund may fail. (For more details see FCB 1-81, March 1981.) (Eileen M. Manfredi, 202 447-7643)

Cotton

Area and Production Increase Likely

World cotton production in 1981/82 (August-July) is projected to climb sharply to 68.9 (± 3.5) million bales, up over 5 percent from this season. Global area is projected to rise 2 to 3 percent, stimulated by relatively high cotton prices, especially early in 1981. Most of the increase is expected to come from a large gain in U.S. production, projected up a fourth at 13.8 (± 1.6) million bales, because of a strong recovery in yields after last year's drought. Through May, soil moisture conditions for U.S. cotton rated average to above average. Foreign harvested area is projected to rise over 2 percent, with production estimated to rise over 1.5 percent to 55.1 (± 2.8) million bales. Larger crops are expected in China and India, with the Soviet Union projected to harvest another big outturn.

Global cotton use in 1981/82 is projected to increase to 67.9 (± 1.7) million bales, up over 2 percent from this season. World textile use and trade are projected to recover some, beginning late in 1981 or early in 1982, assuming some improvement in the world economy. U.S. cotton consumption is projected to increase to 6.1 (± 0.5) million bales as a stronger U.S. economy improves textile demand. Foreign cotton use is projected to rise about 2 percent to 61.8 (± 1.3) million bales, with primary gains

in China and a few textile exporters in East Asia. Cotton consumption in the EC is expected to show little change.

Trade Should Climb

World cotton trade in 1981/82 should rise because of higher foreign imports—primarily from East Asia—and larger U.S. exports. U.S. exports are tentatively projected at 7 (± 1.5) million bales, up significantly from this season, because of larger export supplies and more competitive prices.

World cotton production in 1980/81 is estimated at 65.3 million bales, down slightly from the previous season. Large increases in Soviet and Chinese output did not quite offset a drop of about a fourth in U.S. production. World consumption in 1980/81 is estimated at 66.3 million bales, up slightly, because a very large gain in Chinese use more than offset declines in the United States, Japan, and other East Asian nations. U.S. exports are estimated at 6.1 million bales, down about a third from last season because of sharply reduced U.S. export availabilities and less competitive prices.

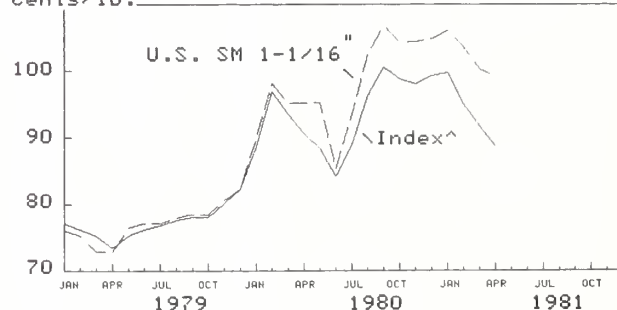
The Northern European Outlook "A" Index of cotton prices has declined steadily from January's average of 99.7 cents a pound to 88.6 cents in April; it dropped below 88 cents in late May. Weak world textile demand, high interest rates, and projections for a large 1981/82 crop are factors affecting the decline. The price of U.S. SM 1-1/16 inch c.i.f. Northern Europe, has also followed a similar decline; however, it remains significantly above the Outlook "A" Index price, averaging 99.1 cents in April and about 97 cents in May. (David B. Young, 202 447-9160)

Cotton production and consumption

Year	Production		Consumption	
	World	Foreign	World	Foreign
<i>Mil. 480-lb. bales</i>				
1977/78	64.1	49.8	60.2	53.7
1978/79	60.2	49.3	62.9	56.5
1979/80 ¹	65.6	51.0	65.7	59.1
1980/81 ²	65.3	54.2	66.3	60.5
1981/82 ³	68.9	55.1	67.9	61.8

¹Preliminary. ²Estimated. ³Projected.

Cotton Prices *
Cents/lb.



* C.I.F. northern Europe.

^ Outlook 'A' index of Liver pool cotton services. Average of 5 lowest prices of 10 selected growths.

World cotton production, trade, and mill consumption¹

Country	1977/78	1978/79	1979/80 ²	1980/81 ³	1977/78	1978/79	1979/80 ²	1980/81 ³
<i>Million 480-lb. bales</i>								
	<i>Production</i>				<i>Exports</i>			
United States	14.4	10.9	14.6	11.1	5.5	6.2	9.2	6.0
USSR	12.7	12.3	13.1	14.3	4.2	3.8	3.7	4.4
China	9.4	10.0	10.1	12.4	0.1	0.1	—	—
India	5.7	6.3	6.1	6.1	—	0.2	0.4	0.6
Pakistan	2.5	2.1	3.4	3.1	0.5	0.2	1.2	1.5
Brazil	2.2	2.7	2.6	2.8	0.2	0.1	—	0.2
Egypt	1.8	2.0	2.2	2.4	0.7	0.7	0.9	0.7
Turkey	2.6	2.2	2.2	2.2	1.2	1.0	0.6	0.6
Mexico	1.6	1.6	1.5	1.5	0.6	0.9	0.9	0.8
Central America	1.7	1.6	1.1	1.2	1.5	1.5	1.0	1.1
Sudan	0.9	0.6	0.6	0.5	0.7	0.8	0.7	0.4
EC9	—	—	—	—	0.2	0.2	0.2	0.1
Eastern Europe	0.1	0.1	0.1	0.1	—	—	—	—
Japan	—	—	—	—	—	—	—	—
Korea, Republic	—	—	—	—	—	—	—	—
Hong Kong	—	—	—	—	0.1	0.1	—	0.1
Taiwan	—	—	—	—	—	—	—	—
Other	8.5	7.8	8.0	7.6	3.7	4.0	4.1	3.7
World total	64.1	60.2	65.6	65.3	19.2	19.8	22.9	20.2
	<i>Imports</i>				<i>Consumption</i>			
United States	—	—	—	—	6.5	6.4	6.5	5.8
USSR	0.4	0.4	0.3	0.3	9.0	9.0	9.1	9.3
China	1.6	2.2	3.9	3.2	11.4	12.6	13.8	15.5
India	0.5	—	—	—	5.4	5.7	6.0	6.1
Pakistan	—	—	—	—	1.9	1.9	2.0	2.0
Brazil	—	—	—	—	2.3	2.5	2.6	2.7
Egypt	0.1	0.1	—	—	1.3	1.3	1.3	1.3
Turkey	—	—	—	—	1.2	1.4	1.2	1.4
Mexico	—	—	—	—	0.7	0.8	0.8	0.8
Central America	—	—	—	—	0.2	0.2	0.2	0.1
Sudan	—	—	—	—	0.1	0.1	0.1	0.1
EC9	3.6	3.4	3.7	3.0	3.1	3.3	3.5	3.0
Eastern Europe	3.5	3.3	3.3	3.3	3.4	3.4	3.4	3.4
Japan	3.2	3.4	3.3	3.1	3.1	3.3	3.4	3.2
Korea, Republic	1.3	1.4	1.6	1.5	1.2	1.3	1.6	1.5
Hong Kong	1.0	0.8	1.2	0.9	0.9	0.9	1.1	0.8
Taiwan	1.1	0.9	1.2	0.9	1.0	1.0	1.0	1.0
Other	3.7	3.9	4.4	4.2	7.5	7.8	8.1	8.3
World total	20.0	19.8	22.9	20.4	60.2	62.9	65.7	66.3

¹Year beginning August 1. ²Preliminary. ³Estimated.

Source: Foreign Agricultural Service.

Tobacco

World Production Likely to Rise in 1981

World unmanufactured tobacco output in 1981 is expected to increase 2 percent, with gains likely in most major producing regions except Africa and Latin America. Larger crops are expected in China and the USSR. U.S. production will likely increase about 6 percent because of higher yields and area. African output is expected to be down because of much lower production in Zimbabwe. Latin American production is estimated to be down because of a drop in Brazilian output.

Last year's output of world unmanufactured tobacco has been revised upward to 5.4 million tons, but it is still down over 5 percent from 1979. Major declines in China

and Brazil more than offset a 16-percent gain in U.S. output. African production was down because of smaller crops in South Africa, Malawi, and Zambia.

Use May Increase; U.S. Exports May Drop

Global tobacco use in 1981 may increase slightly over 1980's sluggish level, which is estimated near 4.9 million tons. A small gain is expected in cigarette output, which may lead to a small rise in global tobacco use. Demand remains weak, however, in Western Europe, Canada, and East Asia.

U.S. tobacco exports during 1981 are likely to drop in volume because of the lower quality of the 1980 flue-cured crop and limited supplies of burley. U.S. tobacco exports in 1980 increased 13 percent in value to \$2.4 billion. U.S. unmanufactured tobacco imports in 1981 are

expected to be up because of much cheaper foreign tobacco. In 1980, unmanufactured tobacco imports, valued at

\$392 million (duty paid), declined 3 percent. (David B. Young, 202 447-9160)

REGIONAL AGRICULTURAL DEVELOPMENTS

United States

Farm Situation Improving

Drought-afflicted crops in the United States last year, along with strong export demand, are resulting in reduced stocks and higher prices of most major field crops. With higher feed costs last fall and winter and little increase in livestock prices, livestock and poultry producers have been in a cost-price squeeze. This prompted a sharp reduction in 1981 pork production and limited expansion in cattle feeding. With reduced meat production, livestock and poultry prices are rising this spring, and further increases are likely in the second half of the year. Higher farm prices will moderately boost 1981 farm income and contribute more to the rise in retail food prices than in 1980.

Farm Prices To Rise

Farm prices were steady during the winter as increases in crop prices offset weaker livestock prices. Crop prices may hold steady this summer and continue above a year earlier. Weather developments both in the United States and abroad will primarily determine the price pattern in summer and fall, but crop prices late in the year are expected to remain as high as a year earlier. For 1981, crop prices are likely to average 10 to 15 percent above the previous year.

Livestock prices are rising, with most of the strength being carried through the year. Pork production will be down 9 percent in the second half, reflecting decisions made by hog farmers early this year when profits were squeezed. Total beef production this summer and fall will be up slightly from 1980. With normal rainfall, fewer cattle are expected to be moved off pastures and ranges directly to slaughter. Broiler production this summer may be 10 percent above a year ago, when extremely high temperatures limited production. Increases this fall may be much smaller, even though the relationship between broiler prices and feed costs is improving. Dairy farmers have been expanding herds, and production per cow has been up. First-half milk production was up nearly 4 percent. With slower rises in farm milk prices, production gains late in the year may abate. For the year, production is expected to be 2 to 4 percent above a year earlier. For 1981, livestock and poultry prices will average 5 to 10 percent higher than a year earlier.

Farm Income To Increase

Cash receipts from farming will increase in 1981, with higher receipts from crops and livestock contributing about equally. The volume of marketings will decline, but the drop will be more than offset by higher prices.

Production expenses will increase close to a tenth, with fuels and energy-related costs rising the fastest. Some farm origin costs, such as feeder livestock, will contribute little to the increase in production expenses. With larger receipts and a higher valued inventory, net farm income will range from the same as to \$5 billion above 1980's low of \$22 billion.

Food Prices To Move Upward

Retail food prices are expected to rise 9 to 11 percent this year, following a 9-percent increase in 1980. The sharpest increases will come in the summer as meat production lowers. Pork prices will rise faster than poultry prices. Continued increases in marketing costs, reflecting inflationary pressures, will again contribute significantly to food price rises. Developments in the general economy, as well as weather conditions, will play a major role in price increases in the second half of 1981.

Farmers Increase Plantings

Farmers are seeding more acres this year. Most of the expansion is in winter wheat, which was seeded last fall when prices were rising in response to a poor harvest of feed grains and oilseeds. Actual planted acreage will be known in July.

Last year's drought lingered through the winter, but spring rains have replenished soil moisture in most areas, and the 1981 production outlook has been enhanced. If rains are frequent, crops will be very large, and supplies will be abundant enough for domestic and foreign demands and stock rebuilding. But, if favorable weather does not persist, crops will be disappointing again. In this event, the U.S. livestock industry would face higher feed costs, and grain exports would decline because a major shortfall in production could not be made up by further reducing stocks. (Donald Seaborg 202 447-8378)

Canada

Record 1981 Grain Output Possible

Preliminary forecasts of Canadian grain production point to a strong recovery from last year's drought-related downturn. Soil moisture has been replenished in most grain-producing areas, and average weather patterns during the rest of the growing season could result in above-average yields. Farmers' preseason intentions were to plant a record 21 million hectares to cereals, nearly 10 percent more than last year. Total grain production is currently forecast at 46.3 million tons ($\pm 10\%$). This would be 14 percent above a year ago and 4 percent above the record set in 1976.

Total grain production, use, and trade, Canada

Year	Area ¹	Production	Imports	Exports	Domestic use	Ending stocks ²
<i>Million metric tons</i>						
1974/75	17.9	30.7	1.1	13.9	20.6	13.7
1975/76	18.1	37.1	.8	17.2	21.5	12.7
1976/77	19.6	44.7	.8	17.9	22.0	18.3
1977/78	18.6	42.2	.6	20.0	21.6	19.5
1978/79	18.4	41.4	.8	17.0	22.7	22.0
1979/80	17.6	35.8	1.1	20.5	24.3	14.2
1980/81	19.0	40.8	1.0	20.6	23.8	11.6
1981/82 ³	21.0	46.3	.8	21.0	24.0	13.7

¹Mil. hectares. ²May not add due to rounding. ³Forecast.

Wheat exports hit a record 15.8 million tons during 1979/80 and have continued at even higher rates this year. However, ending wheat and total grain stocks on July 31 will be the lowest in two decades.

In response to large rapeseed stocks and weak prices, farmers said they intended to plant 22 percent less rapeseed than last year (53 percent less than 2 years ago). If producers follow through on their intentions, stocks will decline to normal.

Cattle Up, Hogs Down

Cattle, hog, and sheep numbers increased by 2.8, 3.1, and 11.9 percent, respectively, in 1980. Total red meat production was up by 10 percent but will level off in 1981.

The long-awaited upturn in cattle numbers has begun. The increase in breeding cow numbers was delayed by last summer's drought but now appears to be following normal expansionary patterns. Cattle numbers will likely rise at about a 3-percent rate for the next 4 to 6 years.

This year, hog numbers are expected to decline slightly after an unusually long 5-year expansion. Exports reached a record 14 percent of Canadian pork production in 1980; two-thirds went to the United States. In 1981, shipments will continue at the high 1980 levels as production in the United States and other major importing countries declines faster than in Canada. Canadian government price and income stabilization programs provide hog producers some security in a declining market. This may delay producers' adjustments to current market conditions. (Ron Trostle, 202 447-8378)

Western Europe

Economic Downturn Looms Over 1981

The growing inflationary pressure, deteriorating terms of trade, and widening trade deficits that had been experienced in most Western European countries since 1979 provoked governments to turn to strong alleviatory steps during 1980 and into 1981. Typically, measures have included placing constraints on imports, raising interest rates, and attempting to moderate wage increases. Italy also resorted to a 6-percent devaluation. While there are signs of some success in abating the negative trends, the cost is recession. A notable decline

in overall demand has developed in the economies of Western Europe, leading to a drop in economic production that is expected to be on the order of 1 to 2 percent in value during 1981. Agriculture could be an important counterbalance to the general picture.

Increase Likely in Value of Farm Output

Weather has posed some obstacles for agriculture in 1981. Excessively dry conditions in northern Italy during much of the winter will probably decrease wheat yields. A late spell of cold, rainy weather brought losses to the fruit and vegetable sectors of France, Germany, and Italy. Snows in late April caused unexpected losses during lambing in the United Kingdom. But, by far the most serious agricultural losses occurred in Spain, where drought is thought to have cut farm output prospects by as much as 10 percent below 1980's record, including a decline of perhaps 25 percent in the volume of grain output. For Western Europe, a decline of 3 to 4 percent below 1980's record grain crop is likely. Nevertheless, the EC will retain a comfortable margin as a net exporter of grain.

EC target prices for the year were raised by an average of 9.6 percent. The magnitude of the increase (the largest since 1975), its unusually early adoption, and the continued deferral of price penalties for overproduction of surplus commodities (which would reduce EC budget outlays for agriculture) indicate the EC's intentions to encourage output maintenance through minimizing the deterioration in net farm income. Thus, even if the volume of output grows only marginally above 1980, a rise in the value of EC farm output is almost certain. In addition, of course, production will be augmented this year by the entrance of Greece into the EC in January 1981.

Domestic Consumption Holding Its Own

Continued high inflation (which may subside somewhat in 1981), growing unemployment, and policies to slow wage increases will restrain consumer spending, but it appears that food expenditures will not fall as much as those for nonperishable consumer items. The rise in farm prices is not expected to raise retail prices in the EC by more than 1 to 2 percent, and prices of food items throughout Western Europe are not increasing as rapidly as for other goods. The purchase of durable goods fre-

quently involves consideration of interest rates, which presently are high. Durable goods are also bearing the brunt of measures aimed at reducing expenditures for imported goods, because that serves the purpose of checking balance-of-trade deficits and aiding domestic industry.

Processors of agricultural products that rely on imported raw materials, such as textile, shoe, and cigarette manufacturers, are tending to keep stocks at a minimum for the time being to avoid undue outlays for interest charges and storage at a time when either domestic or export sales, or both, are experiencing difficulties.

Modest Livestock Production Growth

Feed compounders have also been cautious in buying imported raw materials, even though they were buoyed somewhat by growth in poultry and pork production. Along with a rising price disadvantage for grains and the favorable duty rates for imports of nongrain feedstuffs into the EC, growth in livestock production has influenced increased use of low-protein feedstuffs (such as manioc, molasses, and citrus pulp) and oilseed meals in commercial feeds—at the expense of domestic and imported grains.

One of the most dynamic farm sectors in Western Europe is poultry. The French and Spanish industries were fueled by non-European sales, which are currently continuing at the record pace set in 1980. This year's production may rise by 4 to 5 percent in the EC. French exports out of the EC might increase by 100,000 tons over 1980 to reach 300,000 tons, and the EC's position as a net exporter may grow by as much as 30,000 tons, rising to 270,000 tons.

While pork production may increase in 1981, it will be minimal (probably less than 1 percent), almost entirely because of a small rise in demand for pork because of relatively higher priced beef and veal. Falling consumption of beef and veal and uncertain export possibilities for the long term (the EC having become the number two exporter of beef and veal in 1980) are likely to cause a decline of about 2 to 3 percent in Western European output. (Miles Lambert, 202 447-8290)

Australia

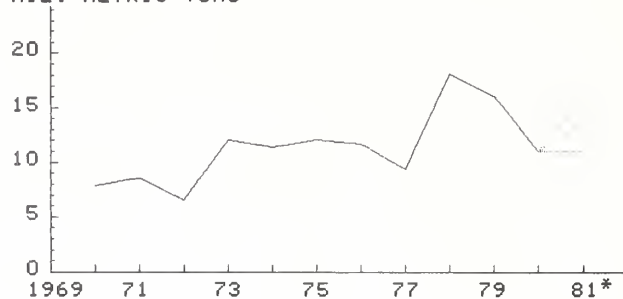
Drought Dominates

Australia's agriculture in 1980 was dominated by a widespread drought that carried over into 1981. Crop production in 1980/81 was down 18 percent from the previous year, while the production of livestock products declined about 2 percent. Rising prices helped sustain gross farm income, but prices paid by farmers rose an estimated 9 percent, reducing net income nearly 20 percent below last year's record.

Crop Yields Reduced

Crop production was off substantially in 1980/81, even though the area harvested was larger than the previous year. Wheat, the major crop, was down 33 percent as

AUSTRALIA WHEAT PRODUCTION, 1970-81
MIL. METRIC TONS



* ESTIMATE

SOURCE: AUSTRALIA BUREAU OF STATISTICS
AND USDA

yields declined from 1.45 to .94 tons a hectare. Coarse grain production was off only about 15 percent because the areas that grow coarse grains were not directly affected by the drought.

Wheat exports during 1981 are declining, but not as much as production. Wheat exports are expected to be off 13 to 17 percent from last year's record. Lowering stocks has helped offset the production shortfall. Exports of coarse grains during the 1980/81 crop year are anticipated to be cut by about 40 percent.

Lack of subsoil moisture indicates mediocre prospects for 1981/82 cereal crops. Wheat is normally planted in May and June, but beneficial amounts of rainfall did not arrive until late May. Additional moisture supplies are needed to obtain average yields. The area planted to winter cereals is likely to expand 5 percent because of higher prices and adequate moisture to start the crop.

Livestock Output Declines

Total meat production in 1980 declined 6 percent from 1979. Beef and veal output was off 13 percent, while pork and chicken increased. Lamb and mutton production was about the same as the previous year.

Prospects for 1981 indicate another decline in beef output. The cattle cycle is near a bottoming-out phase. Although there is a desire among cattlemen to rebuild herds, inadequate rainfall has severely depleted forage supplies in many major producing areas, further drawing down the number of cattle and calves on farms to 24.7 million head. Given a return to more normal weather patterns, cows and heifers are expected to be retained in the herd for future expansion, and the number slaughtered will decline. Also, the cutback in exports to the U.S. will likely continue. Lamb and mutton production also may be lower. The 1980 drought trimmed the flock size, which indicates a possible reduction in slaughter this year. (Allen Johnson, 202 447-8378)

Japan

Rice Surplus Declines

Rice will continue to be the center of Japan's agricultural economy. Various efforts are currently underway to eliminate the rice surplus problem that has been chronic

through the seventies because of high producer and consumer prices. The Paddy Field Utilization and Reorientation Program, the country's third riceland diversion program, will move into the fourth of its 10 years. The original 1981 production target of 10.55 million tons was increased to 10.8 million because of last year's poor crop—the worst since World War II. According to the revised plan, 630,000 hectares of what was formerly rice-producing area will be planted in other crops.

Surplus rice stocks, which stood at about 3 million tons in April 1981, will be drawn down below 2 million by March 1982. Exports in Japan's fiscal year (JFY) 1981 (April 1981-March 1982) will exceed 700,000 tons, with 540,000 going to South Korea before the end of August. Feed compounders are getting ready to incorporate up to 500,000 tons a year through JFY 1983.

Meat Output Slows; Imports Up

Japan's livestock sector will perform no better this year than last. Output of animal products expanded only 2.4 percent in 1980, compared with 6.5 percent the year before and an average of 4.9 percent a year during the seventies. Rising feed prices have increasingly squeezed producers. The product-price/feed-price ratio has declined steadily since 1978. A 7.7-percent rise in feed prices in January 1981 will stall any marked improvement in the livestock sector for the near future. Production of major livestock products will show slower growth in 1981 than a year ago.

As a consequence of rather limited increases in livestock production, demand for formula feed will climb only 1 percent to about 23 million tons. Japan's rice-feeding program will virtually eliminate any growth in import demand for feed grains because rice will displace corn and sorghum on a nearly one-to-one basis. Imports of coarse grains during October 1980-March 1981 were only slightly ahead of the previous year.

In 1980, imports of major finished livestock products dropped—most notably beef and pork. But, the import market should turn around this year as consumption expands more rapidly than domestic livestock production. To date, imports of pork and poultry meat are substantially ahead of last year. (William Coyle, 202 447-8860)

Production of major livestock products, Japan

Item	1979	1980	1981 ¹
<i>Percent change</i>			
Beef and veal	0	4.0	2.2
Pork	11.4	3.2	-3.8
Milk ²	5.7	.6	0
Broilers	8.0	3.9	2.6
Eggs	1.3	.4	0

¹Forecast. ²Fluid and manufacture milk.

Livestock and feed price indices, Japan

Year	Price received for livestock products	Price paid for feed	Ratio
<i>1975 = 100</i>			
1976	103.4	102.9	100.5
1977	102.9	100.9	102.0
1978	100.5	87.8	114.5
1979	105.9	93.5	113.3
1980	110.4	105.4	104.7
1979			
July	105.5	92.2	114.4
Aug	103.1	92.8	111.1
Sept.	106.7	93.0	114.7
Oct.	104.7	93.0	112.6
Nov.	107.6	93.1	115.6
Dec.	110.3	93.1	118.5
1980			
Jan.	104.4	102.4	102.0
Feb.	107.6	104.4	103.1
Mar.	111.8	105.0	106.5
Apr.	109.7	105.4	104.1
May	107.3	105.6	101.6
June	105.8	105.6	100.2
July	107.9	105.7	102.1
Aug.	112.7	105.8	106.5
Sept.	111.5	106.0	105.2
Oct.	114.3	106.2	107.6
Nov.	116.5	106.3	109.6
Dec.	115.5	106.5	108.5
1981			
Jan.	115.2	114.7	100.4
Feb.	116.3	116.4	99.9

Japan: The paddy field utilization reorientation program, plans, and performance

Item	1978	1979	1980	1981	1982	1983
<i>1,000 metric tons¹</i>						
Production potential	13,400	13,400	13,600	13,750	13,750	13,750
Production target (PT)	11,700	11,700	11,150	10,800	10,550	10,550
Reduction target	1,700	1,700	2,450	2,950	3,200	3,200
Actual production (AP)	12,589	11,958	9,571	NA	NA	NA
Actual consumption (AC) ²	11,364	NA	NA	NA	NA	NA
<i>1,000 hectares</i>						
Actual area planted	2,548	2,497	2,377	2,330	NA	NA
Diversion target	391	391	535	631	677	677
Actual diverted area	438	472	585	NA	NA	NA
AP/PT	1.08	1.02	.86	NA	NA	NA
AP/AC	1.11	NA	NA	NA	NA	NA

NA = Not available or applicable. ¹Production and consumption figures on brown basis. ²Includes rice for direct human consumption, processing, seed, and waste.

Embargo Lifted

On April 24th, the President lifted the partial embargo on agricultural goods and phosphate exports destined for the Soviet Union, following an assessment of U.S. national security, foreign policy, and agricultural needs. The President noted its ineffectiveness as a foreign policy tool and emphasized that the termination did not reflect an acceptance of the Soviet occupation of Afghanistan.

This action may not lead to expanded U.S. agricultural exports over the next several months. The Soviets had already made arrangements to cover most of their expected grain imports during the remainder of the July-June marketing year. The termination, however, enhances the possibility of a renewal or renegotiation of the existing agreement that will expire on September 30, 1981.

Grain Supply and Utilization Up

Grain production is planned at 236 million tons in 1980/81, but last year's hurried planting, winter weather, and this year's spring sowing progress suggest the likely grain outturn will be closer to 210 million. With sown area for 1981 expected to total 127 to 128 million hectares, the likely maximum production the Soviets could achieve is 225 million tons—if ideal conditions prevail through the end of harvest. A 210-million-ton crop would be 21 million more than last year, but only 5 million more than the average of the past 5 years. Wheat production is currently estimated at 103 million tons, coarse grains at 97 million, and miscellaneous grains and pulses at 10 million.

Soviet grain imports will likely remain high to meet domestic consumption needs and rebuild stocks. Imports in 1981/82 are expected to reach about 35 million tons, bringing total availability to a record 243 million, up 9 percent over 1980/81.

Total grain use is forecast at 229 million tons, up 2 percent from last year. Record animal inventories, coupled with expected larger availabilities, indicate that grain used as feed (at 125 million tons) will approach the high of several years ago. Grain used for manufacturing, seed, and food is estimated to remain at about 79 million tons, while dockage waste (a measure of excess moisture and nongrain material made necessary by the Soviet use of a bunker-weight concept) is estimated to be 12 percent of production or 25 million tons. The preharvest estimate of dockage waste was increased this year because final estimates over the last several seasons were typically higher than the previous preharvest projection of 10 percent of output.

Inventories of grains held in reserve, thought to be badly depleted, are anticipated to be rebuilt by 14 million tons, as opposed to a total drawdown of 19 million in the past 2 years.

The 1980/81 winter was the warmest since that of 1957/58. Temperatures were so mild that the latest estimates of winterkill are 7 to 8 percent—about half the normal rate. Precipitation in the winter grain areas was high. Estimates of this year's emerging winter grain crop

generally fall between 67 and 72 million tons, providing some relief in the tight feed/livestock situation.

Spring Crop Sowing Delayed

By May 11, the seeding of spring crops on collective and state farms amounted to 57 million hectares, including 32.1 million hectares sown to spring grains. These figures put the seeding progress to date about 1 week behind the average pace established during 1974-80. By mid- to late May, reported delays (up to 2 weeks in parts of the grain belt) were diminishing. For a time, seeding even fell behind the pace of the greatly delayed 1980 season. As last year, the delays were primarily the result of excess soil moisture brought on by well-above-average precipitation, followed by below-normal temperatures that hindered the drying-out process.

Seeding of corn-for-grain has been seriously delayed. By May 11, only 1.8 million hectares had been planted—not only less than 50 percent of the plan but 500,000 hectares behind a year earlier and 1 million hectares behind 1979. Soviet corn areas have a relatively short growing season, and additional corn may have to be harvested for silage if current conditions persist.

Delays in planting nongrain crops have also occurred. As of May 11, the sown area of sugar beets (3 million hectares), potatoes (1.2 million), and vegetables (0.7 million) lagged behind the 1974-1980 average for this date. Planting of sunflowers, on 2.1 million hectares, was almost 30 percent behind the 1974-1980 pace as of May 4. Also, cotton was sown on 3.1 million hectares by May 11. About 600,000 hectares of cotton were damaged by hail and heavy rains and had to be resown, reducing the prospects of a third consecutive record harvest.

Livestock Inventories Maintained

Livestock inventories of cattle (including cows) and poultry on state and collective farms were at record levels on May 1, 1981. Compared to a year earlier, poultry numbers, 730.6 million, showed the largest gain—over 6 percent. Hog numbers, a near-record 55.6 million head, increased by about 1 percent, while cattle at 94.1 million showed a rise of 700,000 head. But, sheep and goat numbers were down, falling to 148.2 million—a decrease of 200,000 head. The growth in all livestock inventories during February 1-May 1 was generally faster than a year earlier.

The average weight of cattle sold to the Government during January-April was 361 kilograms, down 3 kilograms from the same period of 1980. Also, cattle marketings were down 2 percent. April slaughter weights for cattle averaged 344 kilograms (down 7, 19, and 24 kilograms from April 1980, 1979, and 1978, respectively). April 1981 marketings of cattle, 1.6 million, were about normal for the previous 3 Aprils.

Hog slaughter weights, averaging 101 kilograms during the first 4 months of 1981, were up 2 kilograms over a year earlier. However, weights were down by 2 kilograms from April 1979 and 3 kilograms from 1978. Hog marketings at 11.9 million during January-April were up 0.4 percent from a year ago. Compared with the same periods in 1979 and 1978, hog marketings were up 3 percent in each case.

Total USSR grain production, use, and trade

Year (July/June)	Trade			Utilization			Stock change ³
	Production	Imports	Exports	Total ¹	Feed	Other ²	
Million tons							
1970/71	187	1.3	8.5	188	92	95	-8
1971/72	181	8.3	6.9	181	93	88	+2
1972/73	168	22.8	1.8	187	98	89	+2
1973/74	223	11.3	6.1	214	105	108	+14
1974/75	196	5.7	5.3	206	107	99	-10
1975/76	140	26.1	0.7	180	89	90	-14
1976/77	224	11.0	3.3	221	112	108	+11
1977/78	196	18.9	2.3	228	122	106	-16
1978/79	237	15.6	2.8	231	125	106	+19
1979/80 ⁴	179	31.0	0.8	225	126	99	-16
1980/81 ⁵	189	34.0	1.0	225	118	107	-3
1981/82 ⁶	210	35.0	2.0	229	125	104	+14
	+ 15,-25	± 5	± 1	± 10			± 6

¹Totals may not add due to rounding. ²Includes manufacturing, seed, food, and dockage-waste. ³A negative quantity indicates drawdown of stocks. ⁴Estimates for trade, utilization, and stock change. ⁵Forecast. ⁶Projected, variability reflects root mean square error and/or standard error of the estimate from trend and judgement. It is estimated that final figures will fall within the ranges about 2 out of 3 times.

During the first 4 months of this year, meat output (liveweight) in the socialized sector showed a 0.1-percent decline from a year ago. The drop was not as great, however, as that registered during first-quarter 1981. The 3-percent increase in pork production and the 10-percent gain in poultry meat nearly offset the 2-percent and 4-percent declines in beef and mutton.

Milk output continued to slide, falling 2 percent below January-April 1980. Average milk yields were also down by 2 percent. Egg production, on the other hand, continued on the upswing, rising 7 percent from a year ago. (Jim Cole, 202 447-8380)

Eastern Europe

Record 1981 Harvest Expected

Current indications point to a recovery of Eastern Europe's agricultural production, rebounding from the 3-percent decline recorded in 1980.

Following delayed and less-than-planned sowing of winter grains in the fall, winter weather proved favorable, with winterkill less than average for the region. Warm weather during the first 3 weeks of April allowed spring sowing of grain to proceed according to plan. Barring unusual weather between now and the harvest, a grain crop of 97 million tons is expected.

Production of major oilseeds—sunflowerseed, rapeseed, and soybeans—is expected to increase from last year's harvest of 3.85 million tons to a record of 4 million. Recovery of sunflowerseed yields from last year's low levels and higher sunflowerseed area should bring about the increase.

Sugarbeet area is likely to be up this year; with the absence of last year's excessively moist conditions, production should make a major recovery. Potato production, on the other hand, is not likely to make the same kind of recovery from last year's disastrous harvest. With a shortage of seed potatoes, particularly in Poland, area is all but certain to hit a record low.

Imports Declining

Stagnating livestock inventories and increasing payment difficulties are likely to result in slightly lower grain imports by Eastern Europe in the 1981/82 marketing year. Such imports are currently estimated at 15.8 million tons, down from 16.4 million in 1980/81. Likewise, oilmeal and oilseed imports are unlikely to show more than marginal growth in 1981/82.

Because of its apparently scaled-down domestic program for soybean production and the need to improve feed rations, Romania has recently become the region's largest growing market for soybean meal and soybeans. The U.S. share of the grain, oilmeal, and oilseed markets in 1981/82 will depend largely on the availability of credit to Poland and on whether or not Romania continues to rely so completely on the United States for its oilseed and oilmeal imports.

Polish Agriculture: Problems and Reforms

Seriously affected by last year's very poor harvest of grains and potatoes, Poland's livestock sector has contracted greatly since June 1980. By USDA calculations, grain imports of about 12.5 million tons during 1980/81 were required to maintain livestock inventories, but because of financial difficulties, Poland was able to import only 7.7 million tons. The deficit is estimated to cause a 14-percent decline in cattle numbers and a 16-percent decrease in hog numbers by June 1981, compared with June 1980. Similarly, meat production in 1981 is expected to drop sharply from 1980 and result in a drop in per capita meat consumption from 72.5 to 64 kilograms.

In response to the chronically poor performance in the agricultural sector and the wave of renewal spurred by the formation of the Solidarity trade union, the Government of Poland has agreed to extensive agricultural reforms. Most of the reforms are aimed at improving the production potential of the private farmers who work 75 percent of Polish agricultural lands. Following a long

period of discrimination against the private sector, the reforms promise improved access to material inputs for private farmers, greatly eased restrictions on the sale of land to private farmers, and a legalization of private farmers' land ownership and right of inheritance. As a key to ensuring that progress is actually made in implementing the reforms, Polish farmers won legal recognition for their own union, Rural Solidarity, on May 11.

Other reforms taken by the Government have included higher producer prices to ensure profitability of agriculture, increased investment priority for agriculture and the food industry, and the elimination of direct operational subsidies to state farms. Because of the severity of problems inherited from last year's disastrous harvest and the current weak state of the Polish economy, the positive effects of the reforms are not expected to be evident in any substantial way before 1982.

The current agricultural situation is not much improved from last year. Late fall sowing of grain in 1980 and shortages of fertilizer, plant protection agents, spare parts, and other inputs make prospects for this year's harvest noticeably worse than what was hoped. Polish imports of grain and oilmeal in 1981/82 will have to be close to the 1980/81 levels for even a moderate recovery of domestic meat production. (Edward Cook, 202 447-8380)

China

1980 Grain Outturn Down; Cash Crops Up

China's grain crop for 1980 was down, but gains were registered for most cash crops. Agricultural imports rose substantially last year, led by large grain, cotton, oilseed, and sugar imports. Grain production in 1981 is likely to be better than the previous year but is not expected to exceed the 1979 record. Output of cash crops is also forecast to increase. Grain imports for 1981 will likely continue to be large but imports of oilseeds and cotton are expected to decline somewhat.

China's overall agricultural output was up during 1980, but gains for most cash crops came at the expense of grain outturn. Production was strongly influenced by policies and incentives that stimulated the growing of nongrain crops. Grain output in 1980 dropped to 318 million tons, down 4.2 percent from 1979's record 332 million, because of poor weather and reduced acreage. Conversely, China's farmers picked a record 2.7-million-ton cotton crop and reaped bigger outturns from sunflowerseed, peanut, cottonseed, and soybean crops. Sugar beet and sugarcane output rose, as did production of tea, silk cocoons, jute, hemp, aquatic products, and rubber. Rapeseed, tobacco, fruit, and vegetable output for 1980 was below a year earlier. The livestock sector registered gains, except yearend hog inventories were down.

Imports Rise

China's agricultural imports rose substantially because of increased domestic demand, and, in the case of grains, lower output and use of imported grain to replace production lost when area was shifted to nongrain uses. Grain

imports during 1980/81 are expected to reach a record 14.7 million tons, 36 percent over 1979/80. All of the increase is in wheat, imports of which are estimated at 13.7 million tons, 54 percent higher than the previous year. Corn imports during 1980/81 are expected to be only about 1 million tons, down nearly 50 percent from a year earlier.

Cotton imports for 1980/81 are expected to be 3.2 million bales, about 18 percent below the previous year's record. Higher oilseed production has reduced pressures for soybean imports, which are projected to be about 25 percent below the 1979/80 record of 810,000 tons.

Trade with the United States Increases

China's agricultural trade with the United States reflected the overall rise in agricultural imports during 1980. U.S. exports of agricultural products to China climbed to a record \$2.27 billion in calendar 1980, more than double the 1979 record of \$997 million. Higher wheat imports, which rose by \$866 million to a value of \$1.1 billion, provided much of the gain. Cotton imports more than doubled, and shipments of soybeans, soybean oil, cattle hides, and tallow were also up. Overall, U.S. imports of agricultural products from China showed a 31-percent gain.

1981 Production Likely to Expand

China's agricultural production should increase in 1981, but imports probably will not exceed the 1980 record. Grain production is expected to be better than 1980's weather-affected outturn but probably will not surpass the 1979 record. Wheat area is down 4 percent from 1980, but weather conditions thus far this year are better than last year, and this year's output should be larger than in 1980. Rice area will be about the same as in 1980; output is expected to edge up marginally. Coarse grain production should expand as well.

Oilseed production should continue to grow in 1981, with increases coming from rapeseed, sunflower, cottonseed, and soybean crops. With normal weather and no major change in the favorable 1980 incentive package, cotton production should exceed the 1980 record. Sugar beet area and production should approximate 1980, and sugarcane area is expected to be up in response to the Government's crop specialization program. The rate of increase in livestock numbers is projected to be smaller than in previous years because of reduced 1980 grain production and the shift in emphasis from increasing inventory numbers to improving feeding efficiency.

Grain Imports Will Remain High

Agricultural imports for 1981 will likely be close to the 1980 level. Grain imports will remain high, because grain production was off last year and China's leaders want to continue to insure grain rations to urban dwellers and to farmers in regions specializing in cash crops. Imports of cotton and oilseeds will decline because of the good domestic harvests in 1980. Purchases of farm products from the United States during calendar 1981 are likely to level off at about last year's \$2.3-billion record. However, the United States will continue substantial grain

exports to China in coming years. The U.S.-PRC grain agreement, signed in October 1980, calls for 6 to 9 million tons of grain to be shipped annually during 1981-1984. Wheat exports in calendar 1981 will be above the 6.4 million tons shipped in 1980, but exports of cotton and soybeans may decline somewhat. (Frederick W. Crook, 202 447-8229)

Asia

South Asian Wheat Imports Still in Question

Pakistan recently completed a record wheat harvest of 11.3 million tons, but imports of 500-700,000 tons may still be necessary to feed Afghan refugees in 1981.

In India, harvests of rabi (fall sown/spring harvested) crops of wheat and pulses for 1980/81 are being completed. Following drought-affected harvests in 1979/80, current estimates indicate an 8-percent increase in wheat production to about 34 million tons and a 43-percent increase in pulse production to about 12 million. Pre-monsoon showers have been earlier and heavier than normal, indicating potentially good sowing conditions for 1981/82 kharif (summer sown/fall harvested) crops of rice, coarse grains, cotton, and peanuts.

Despite the recovery in crop production during 1980/81, the wheat supply situation remains precarious because of depleted stocks and a lagging government procurement campaign. Procurement of at least 8 million tons will probably be necessary if India is to begin rebuilding government stocks and avert imports. The Government has cut back wheat allocations from its stocks, and some states have placed greater restrictions on private interstate wheat movements and implemented a levy system to force traders to sell a share of their holdings to the Government. Government rice stocks remain large enough to expand exports and also to increase public distribution of rice to help maintain adequate total cereal availability.

Unusually dry weather has adversely affected the major rice crop (maha) in Sri Lanka. The crop is currently estimated at 987,000 tons, the same as in the previous year.

In contrast, unseasonably heavy spring rains seriously damaged the winter rice and wheat crops of Bangladesh. Despite some recent crop losses, food grain production reached a record 14.8 million tons. With a favorable rice/jute price ratio and plentiful subsoil moisture, the 1981 spring-planted rice crop is expected to remain near 1980's 3.7 million tons, enhancing prospects for another food grain production record in 1981/82. Food grain imports will likely be 1.1 million tons in 1980/81, down from the 1.7 million last season, allowing ending stocks of a comfortable 1.1 million tons.

Southeast Asian Rice Prospects Favorable

Indonesian rice production in 1981 is currently estimated at a record-high 20.3 million tons, 2 percent above the huge 1980 outturn. With the end of the rainy season, Java is completing a generally excellent harvest.

Seeding of the second rice crop is already well advanced. Rice imports were only 138,000 tons during January-March, and could total about 1.3 million tons for 1981, in contrast to 2.07 million in 1980.

Very favorable pre-monsoon rains in Thailand have boosted chances for a record 1.65-million-ton harvest of the second rice crop. This would bring 1980/81 rice production to 12.2 million tons, a new high. Early plantings of corn and other rainfed crops have also benefitted, and the corn harvest is estimated to range from 3.5 to 4 million tons, well above previous records. Prices of low quality rice, corn, and especially cassava showed signs of weakness after reaching very high levels in late 1980. The end of the U.S. grain sales suspension to the USSR has been one factor in reducing world demand for Thai exports. Meanwhile, Kampuchea's rice prospects appear somewhat improved by the arrival of good rains, but donated seed rice from abroad may not meet the country's needs.

Korean Grain Supply Tightens

In 1981, South Korea will replace Indonesia as the world's largest rice importer, with estimated imports of 2 million tons of rice in addition to a record 2.3 million tons of wheat. The fall-planted barley crop was delayed by the late 1980 rice harvest, hurt by the increasingly severe agricultural labor shortage, and planted short of the Government's early hopes. Prospects for a harvest of about 885,000 tons of barley, which is substituted for rice and wheat, mean that South Korea's food grain shortage will be further prolonged until at least the October-November rice harvest, making even more imports possible. A dry spell in March to May has caused worry about the 1981 rice crop, planted from May to June. The livestock sector in South Korea remains sluggish with little growth expected during 1981 as high feed costs and relatively low prices for livestock products make farmers' returns unattractive. As a result, U.S. feed grain exports have grown only somewhat this year.

Policies Affect Edible Oil Trade

Indian vegetable oil imports for 1981 are projected at 1.2 million tons, compared with a record 1.4 million in 1980. Gains in domestic production, efforts to reduce the demand for imported oils, and the dampening effect of continued high prices on consumption contribute to projections for lower edible oil imports. India's 1981 edible oil imports are expected to include about 500,000 tons of soybean oil (mostly from Brazil), 500,000 tons of palm oil (mostly from Malaysia), and about 150,000 tons of rapeseed oil (mostly from Canada).

Palm oil production in Malaysia in 1981 could reach 2.9 million tons, 13 percent above 1980 output, with refined oil production of 2.5 million—almost all destined for export. Output is projected at 4 million tons by 1985. Palm oil exports have been discouraged by the Government of Indonesia, which has taken steps to channel more palm oil for domestic purposes, freeing the higher valued coconut oil for export.

In sharp contrast, Philippine concern about relatively low world prices of coconut oil led President Marcos in

April to order the Government to buy all surplus coconut oil. Another measure taken to ease the glut has been to mix surplus coconut oil with diesel oil for the National Power Corporation and the Navy to use as bunker and fuel oil.

Sugar Production Grows, but Trade Likely to Fall

Drought problems in several Asian countries reduced sugar production in 1980, but exports from several major Asian sugar-producing countries dropped by only 600,000 tons from 1979, because stocks were sharply drawn down. Because of relatively low stocks, exports are likely to fall in 1981, in spite of a considerable rebound in production. In the Philippines, where sugar prices remain high enough to encourage expansion in both area and other inputs, production is expected to increase by about 3 percent to 2.5 million tons.

Estimates of mill sugar production in India for 1980/81 have been reduced from 5.9 to 5.4 million tons because of greater than expected diversions of sugarcane to the pro-

Production and trade of raw sugar, selected producing countries, Asia¹

Country	Production	Imports	Exports	Net exports	Ending stocks
<i>1,000 metric tons</i>					
Bangladesh ²					
1979	141	0	0	0	45
1980	101	67	0	-67	30
1981	169	0	0	0	33
India ³					
1979	6,222	0	919	919	2,274
1980	4,152	192	309	117	666
1981	5,430	0	64	64	709
Indonesia ⁴					
1979	1,385	526	0	-526	408
1980	1,313	445	0	-445	324
1981	1,405	535	0	-535	344
Pakistan ⁵					
1979	653	0	0	0	194
1980	616	0	0	0	214
1981	856	0	0	0	73
Philippines ⁶					
1979	2,325	0	1,661	1,661	723
1980	2,420	0	1,750	1,750	243
1981	2,500	0	1,400	1,400	243
Taiwan ⁷					
1979	891	0	383	383	182
1980	874	0	411	411	192
1981	737	0	440	440	59
Thailand ⁸					
1979	1,851	0	902	902	619
1980	1,087	79	1,047	968	142
1981	1,600	0	1,000	1000	106
Total					
1979	13,468	526	3,865	3,339	4,445
1980	10,563	783	3,517	2,734	1,811
1981	12,697	535	2,904	2,369	1,567

¹Centrifugal sugar, 96° polarity. ²July-June crop yr., Oct.-Apr. crushing. ³Excludes khandsari; crop yr. Oct.-Sept., Sept.-Mar. crushing. ⁴Jan.-Dec. crop yr., Apr.-Dec. crushing. ⁵Oct.-Sept. crop yr., Nov.-May crushing. ⁶Sept.-Aug. crop yr., Oct.-Apr. crushing. ⁷Nov.-Oct. crop yr., Nov.-May crushing. ⁸Sept.-Aug. crop yr., Nov.-Apr. crushing.

duction of khandsari (centrifugal, semiwhite sugar) and gur (noncentrifugal, brown sugar). Lagging production, depleted stocks, and continued high prices will force India to curtail most sugar exports during 1981. India imported 200,000 tons of sugar in 1980 and is considering imports approaching that amount for 1981. (John Dyck, 202 447-8229)

Africa and the Mideast

Record South African Corn Crop

South Africa's corn production for 1981/82 is estimated at a record 14.3 million tons. The previous record occurred in 1974, at 11.1 million. With this record output, the exportable surplus in 1981/82 is estimated near 7 million tons, almost double the quantity exported in the previous year. However, a surplus of this magnitude creates logistics problems because railways and harbors lack the capacity for such huge shipments. So, it is likely that the maximum exports will be more in the range of 4.7 million tons. South Africa's corn is currently exported at a substantial loss. In view of the huge crop and anticipated export losses, producer prices were not increased. This was the first time in 11 years that these prices were not raised, and this may have a significant effect on future corn output.

Zimbabwe, southern Africa's second largest corn producer, will also have a large exportable surplus of white corn this year. The harvest is estimated at a record 3 million tons. Like South Africa, Zimbabwe faces logistical constraints.

Grain shortages early in 1981 in most of the other Southern African countries presented an opportunity for Zimbabwe. Timely shipments of corn to Zambia and Malawi in early 1981, before these countries harvested their own new crops, prevented much more serious shortages. Stocks in both Malawi and Zambia were very low at this time. Supply lines to these landlocked countries remain very fragile, even now after the settlement of the conflict in Zimbabwe. Shipments of corn from overseas and even from South Africa, where transport facilities have also been overloaded recently, require much lead time from date of order to date of arrival.

In contrast to 1980, when South Africa shipped relatively large amounts of corn to many African countries, Zimbabwe this year plans to capture a large share of the market in Zambia, Zaire, and Malawi and partially supplant South Africa in Mozambique and Botswana. If successful, Zimbabwe could ship about 400,000 tons to those neighboring countries; these countries would like to reduce their dependence on South Africa. In fact, the Black Southern African countries have formed a Conference on the Coordination of Development in Southern Africa (SADCC). Among its goals is the promotion of regional self-sufficiency, which involves the reduction of their dependence on South Africa.

Zimbabwean potential corn exports are about 1 million tons, but external and internal transport constraints are expected to keep actual exports lower. If transport and financing bottlenecks are resolved, East African countries (currently with severe food shortages) could become

an outlet for Zimbabwean corn. Without improvements in the transport situation, however, it is expected that less than 100,000 tons will be exported via the ports of Mozambique.

In nearby markets, Zimbabwe has the advantage of low transport costs, which enables it to compete despite its high domestic corn prices. Producer prices in Zimbabwe this year are at Z\$120 a ton (Z\$1=U.S. \$1.55). Prices to farmers in South Africa are R\$118.25 a ton for white corn and R\$115 a ton for yellow. This is equivalent to about \$149 and \$145 a ton, respectively.

Morocco's Imports Up

Weather continues to plague many African countries. Particularly hard hit this year is Morocco, where drought virtually wiped out the winter grain crop in the south and seriously affected the crop in the northern Kentira-Fez-Meknes wheat region. This likely cut Morocco's wheat and barley output in half. Barley output may be less than half of last year's 2.2 million tons. Wheat output may only reach 1 to 1.2 million tons, compared with 1.8 million in 1979. So total grain production would be 2.6 million—a disaster matching that of 1966.

At the end of April, the Government of Morocco was making preparations to import 3.5 million tons of wheat, barley, and corn to make up the shortfall. This would be more than twice usual imports. Recent reports, however, indicate that, despite the strain on ports, grain imports are proceeding smoothly and absorbing the 3.5 million tons may be possible.

The barley shortfall is not expected to be entirely offset by barley imports but also by greater corn imports and perhaps increased corn output. Attempts will be made to plant corn to make up for other grain losses. The dryland corn planted in February and March will largely be limited by the same lack of soil moisture that reduced the wheat harvest.

U.S. grain exports to Morocco will be in the vicinity of 650,000 tons in fiscal 1981 and could possibly double in fiscal 1982. The United States has not yet approved P.L. 480 Title I aid for fiscal 1981 but can provide credit guarantees from the Commodity Credit Corporation (CCC) to grain exporters for up to 1 million tons.

Under a recently signed agreement calling for Moroccan purchases of 800,000 tons of wheat and barley this year, France will also supply a good part of Morocco's grain requirements for 1981. The agreement is renewable every year for 3 years. A major part is also likely to come from the EC, at least for the first half of 1981.

Even with normal conditions, Morocco's grain imports have risen in recent years, as a population increase of about 500,000 a year and a per capita grain consumption of more than 200 kilograms creates an annual increase in demand of about 100,000 tons. The price of bread, currently subsidized at the equivalent of 57 cents a kilogram, also contributes to high consumption.

Morocco's foreign exchange position continues to deteriorate. Drained by a growing debt service burden—among the highest in Africa in relation to export earnings—Morocco's reserves have declined from the estimated \$400 million held at the end of 1980 to \$83 million in 1981. The current trade deficit, already at \$2

billion in 1980, should grow worse because of war financing and the cost of cereal importation.

Feed Grain Exports to Mideast And North Africa Rising

U.S. exports of feed grains to the Mideast and North Africa may rise to about 4 million tons in 1981—up from 3.1 million a year earlier. Strong gains in shipments to Egypt and Morocco, plus some resumption in deliveries to Iran, will account for most of the gain. Total imports of feed grains by the region are expected to increase about 2 million tons, with most of the import growth in Algeria and the Arabian Peninsula going to competitors in Europe, Canada, and Australia.

Iran's imports of feed grains in 1980 were larger than earlier expected, and their purchases of corn and barley through Bandar Abbas and Bandar Khomeini are likely to remain relatively large. Total imports of feed grains by Iran were in the vicinity of 1.3 million tons and, if port unloading conditions allow, may rise to nearly 1.5 million tons this year. U.S. corn shipments to Iran resumed in early 1981, when 80,000 tons were exported. Considerable sales of U.S. corn to Iran reportedly moved through European traders last year.

Recently, changes in the European subsidies of barley have attracted U.S. exports to the Mideast. Before March 31, 1979, the EC export restitution payment for barley was about \$100 a ton, and shipments from France and the United Kingdom to the Mideast and North Africa soared to over 1 million tons in 1978. When the subsidy for barley exports to the EC category of third countries was removed on April 1, 1979, a shift to the United States as the major supplier occurred. However, a shift back to the EC was evident in early 1981; few sales of U.S. barley to the Mideast have been reported.

U.S. corn exports to the Mideast and North Africa are likely to rise more than 40 percent in 1981, as efforts are continued to bolster poultry and dairy output. Egypt and Algeria are expected to be large markets, while Kuwait, Oman, Jordan, and Saudi Arabia are relatively new markets for U.S. corn. Saudi Arabia, Kuwait, and Qatar pay a 50-percent subsidy for private imports of feed grains. Arrivals of feed grains at Saudi ports increased markedly in 1980, rising to nearly 2 million tons. Further gains could occur this year. The region's total imports of feed grains may rise to about 9 million tons.

Egypt-Israel Trade Expanding

The Camp David Accord opened the way for extensive trade and economic cooperation between Egypt and Israel. In 1980, Egyptian exports of petroleum to Israel increased sharply to about \$350 million, making it the third major market for Egyptian petroleum, following the EC and the United States. Israel's exports to Egypt increased from less than \$5 million in 1979 to over \$60 million in 1980. Some of the major exports were eggs, processed foods, and beverages, valued at over \$10 million each. Israel has also become a significant supplier of specialty foods used by international hotels and catering firms in Egypt. Exports of these products to Egypt are likely to rise in 1981, pushing the total value to over

\$100 million. Egypt's exports to Israel are expected to climb to about \$700 million because of larger petroleum deliveries. (Michael E. Kurtzig, 202 447-8054)

Latin America

Argentina Harvests Record Grain Crop

Argentina's 1981 record coarse grain crop of 21.4 million tons more than doubled the weather-reduced outturn in 1980. Ideal weather conditions increased yields of corn and sorghum (together 95 percent of Argentine coarse grains) more than 40 percent over last year. Encouraged by strong international grain prices at planting time, producers increased area planted more than 20 percent. Current estimates place corn production at 13 million tons and sorghum at 7.2 million.

Favorable prices encouraged farmers to boost 1980 wheat plantings to 6.14 million hectares, the highest in 5 years and up 23 percent from the previous year. Poor weather during the growing season, however, reduced yields and led to a higher-than-normal abandonment rate of 20 percent. As a result, the recent harvest is estimated at 7.7 million tons, down 5 percent from last season. This year's export supply is currently estimated at 3.7 million tons.

Soybean production increased 7 percent to 3.9 million tons. Planted area declined 16 percent, because some growers of single-crop soybeans switched to more favorably priced corn. Soybean yields, up 23 percent from 1980, showed a smaller increase than those of corn and sorghum, because about 90 percent of this year's harvest was double-cropped with wheat (up from 50 to 60 percent a year ago). In the North, extremely wet weather caused some flooding of cotton land. Also, 1981 production estimates have fallen sharply to 90,000 tons, because only two pickings are foreseen instead of the usual three.

A slight increase in beef production is forecast as relatively low prices stimulate domestic consumption and producers' financial difficulties lead them to slaughter more young animals and lighter steers. Beef exports, down sharply during the first quarter of 1981 because of an unfavorable exchange rate position, are expected to rebound because of the devaluation of the peso and the signing of beef sales agreements with the USSR, Egypt, and Israel.

Devaluation of the peso (relative to the dollar) by 10 percent in February and another 30 percent in April improved the export position of all Argentine products. Beef, fruit, and dairy industries, which had been suffering from foreign competition, were particularly affected. The National Grain Board established reference prices for corn and sorghum to allow the Board to purchase these grains to meet export commitments. Previously, only wheat had such a reference price. This reflects a growing tendency of Argentina to enter into government-to-government sales agreements. At present, Argentina has grain and oilseed agreements with the USSR, the Peoples Republic of China, Mexico, Iraq, and Ghana, as well as the previously mentioned beef agreements.

Brazil's Corn and Soybean Crops Large

The 1981 harvests are the most bountiful in Brazilian history, in spite of drought areas in the Northeast. Corn production from 12.8 million hectares is a record 22.3 million tons. The poultry boom, however, will push corn use to 23 million tons, and therefore imports of 1.5 million tons are needed. The rice harvest dropped to 9.1 million tons (paddy) from 1980's 9.6 million. Food riots brought on by the small 1980 dry bean harvest—1.9 million tons—will not recur in 1981, because the current crop reached 2.3 million tons. Wheat presents the major food problem. Although the Government provides a wheat support price that will be equal to about \$237 a ton at harvest time next November, farmers were discouraged by 3 successive years of bad harvests. They are expected to reduce area by 300,000 hectares, lowering the total to 2.4 million hectares, and are likely to harvest only 2.4 million tons. Total wheat use, however, is estimated at 7.3 million tons, requiring imports of 4.6 million.

Production of tropical products is likely to be the major success of 1981. A billion-dollar coffee replanting program, begun in 1974 and intensified after the 1975 freeze, is bringing in a harvest of 32 million bags, compared with 21.5 million in 1980. A similar long-term cocoa planting program, begun 15 years ago, is reaching fruition with this season's harvest of 340,000 tons. Sugar production, 8.2 million tons in 1980/81, is forecast at 9 million for the coming crop year (June 1 through May 31). Since 1975, Brazil has invested \$819 million in the construction of alcohol distilleries and expects to produce about 4.8 billion liters of alcohol in 1981.

Soybean production in 1981 is a record 15.8 million tons, providing a crush of 13.8 million and exports of 1.55 million. The crush will yield 10.6 million tons of meal, which will cover domestic needs of 2.8 million tons and exports of 7.7 million. Cottonseed production is estimated at 1.1 million tons. The poultry boom continues, and the output of chicken meat is estimated at 1.55 million tons, of which 260,000 tons will likely be exported to the Persian Gulf and the USSR.

Agricultural export earnings, which amounted to \$9.4 billion in 1980, will likely reach \$11 billion in 1981. Coffee, soybeans, cocoa, and sugar should provide \$8.2 billion. Orange juice, castor oil, processed beef, and poultry will also have strong export performances. The four top export commodities in 1980 were: coffee, \$2.75 billion; the soybean group, \$2.2 billion; sugar, \$1.3 billion; and the cocoa group, \$700 million.

Last year, Brazil's food import bill of \$2 billion included \$1 billion for wheat; wheat imports will probably reach the same value in 1981. The U.S. share of Brazil's wheat market will be greater in 1981, largely because the United States is providing exporters with guarantees under GSM-102 (General Sales Manager Program 102) for \$190 million—enough for 950,000 tons.

U.S. Exports Up Sharply; Imports Down Slightly

U.S. farm exports to Latin America—a record \$5.5 billion in fiscal 1980—are forecast to top \$7 billion this year because of higher prices and increased volumes of

the major commodities. Demand is growing—the result of expanding population, rapid growth of the feed industry, and poor crop output in many countries.

The value of U.S. farm imports from Latin America for the first half of fiscal 1981 was down slightly from a year earlier. Coffee, the major U.S. agricultural import from the region, fell nearly \$400 million, landing at about \$1.5 billion as lower prices offset increased volume. Imports of bananas and cocoa beans registered quantity

increases. This, plus higher prices, led to the increased value of banana imports. Larger shipments of cocoa beans were not sufficient to offset lower prices, so the total value of cocoa bean imports fell. The value of beef imports was down because of decreases in both prices and volume. Also, sugar shipments were down slightly, but sharply higher prices pushed the value up. (John E. Link, 202 447-8133)

WORLD FOOD AND TRADE POLICY DEVELOPMENTS

U.S. Legislation

Export Credit Enhanced

On December 24, S. 1465 was signed into Public Law 96-592, the Farm Credit Act Amendments of 1980. The new act provides special authority to aid young, beginning, and small farmers; authorizes the provision of loan funds from Federal Intermediate Credit Banks to rural commercial banks; enables Federal Land Banks to extend to commercial fishermen the same range of services that are currently available to farmers and ranchers; and authorizes the Bank for Cooperatives to provide export credit and related services to cooperatives.

Coffee Agreement Implemented

On December 24, H.R. 3637 became Public Law 96-599, implementing the new International Coffee Agreement (ICA) reached by producer and consumer members of the International Coffee Organization on October 3. The new ICA will support world coffee prices through the use of export quotas that began October 1, 1980. In March, President Reagan delegated to the U.S. Trade Representative the authority to limit U.S. coffee imports from ICA members and nonmembers, according to ICA procedures.

Food Security Reserve Established

The Agricultural Act of 1980 (P.L. 96-494) authorized a wheat reserve of up to 4 million tons for emergency humanitarian food needs in developing countries. The reserve may be replenished by transfer of CCC stocks or by government purchases through September 30, 1985. On January 19, the Secretary of Agriculture designated 4 million tons of CCC wheat for the new reserve, which will be used for food aid when domestic wheat supplies are not available for P.L. 480 programs. A small portion of the reserve, 300,000 tons, can be used under Title II provisions without regard to domestic supply availabilities to provide urgent humanitarian relief in developing countries suffering a major disaster.

U.S. Import Actions

Meat Import Estimate Reduced

In March, USDA estimated 1981 U.S. meat imports at 1.402 billion pounds, 45 million pounds below the level

that would trigger the imposition of quotas under the Meat Import Act of 1979. Last November, this year's imports were forecast at 1.458 billion pounds, 11 million pounds above the trigger level. However, drought conditions in Australia, combined with lower U.S. prices, higher interest rates, and a strong Australian dollar, reduced the beef imports expected from that country.

Sugar Import Fees Unchanged

Secretary of Agriculture John Block determined that the U.S. import fee on raw sugar would remain at zero during April-June. As prescribed by formula in the governing Presidential proclamation, the import fee for refined sugar is 0.52 cents a pound. The fees, set under a flexible import fee system based on world sugar prices, were reduced to their present level in October 1979, in response to rising world prices for raw sugar.

International Cocoa Agreement Delayed

For the new International Cocoa Agreement (ICCA) to take effect, signatures are required from exporters representing 80 percent and importers comprising 70 percent of total world cocoa trade. As of May 31, only 72 percent of the exporters and 45 percent of the importers had made provisional application for membership. The Ivory Coast, the world's largest producer, had not joined. Also, the Dominican Republic, the tenth largest producer, announced it will not participate in the agreement. Almost all of its cocoa exports go to the United States, the world's largest consumer, which also will not be a member of the ICCA.

Peanut Quota Authorization Amended

Last December, President Carter increased the 1.7-million-pound import quota for peanuts by an additional 200 million pounds. Based on a recommendation by the United States International Trade Commission, President Reagan on April 14 raised the authorization from 200 to 300 million pounds and extended the deadline for entry from June 30 to July 31, 1981. Peanuts imported through June 5 (shelled basis) totaled 300.7 million pounds, primarily from China and India.

U.S. Price Supports Announced

On March 31, the Secretary of Agriculture announced increases in target prices and loan levels for 1981 crops

U.S. crop price supports

Commodity	Target price	1980		Target price	1981	
		Regular	Loan level Reserve		Regular	Loan level Reserve
Dollars per metric ton						
Wheat	133	110	121	140	118	129
Corn	93	89	94	94	94	100
Sorghum	98	84	90	100	90	95
Barley	117	84	90	119	90	95
Oats	—	80	85	—	85	90
Rice	209	157	—	235	177	—
Soybeans	—	184	—	—	184	—
Upland cotton	1287	1058	—	1562	1157	—
Flue-cured tobacco	—	3120	—	—	3499	—
Burley tobacco	—	3217	—	—	3607	—

of wheat and feed grains. Price supports for rice, upland cotton, and tobacco are also higher, as prescribed by law. Producers who commit their 1981 crops to the farmer-owned grain reserve will receive higher loans than farmers who do not participate in the reserve.

U.S.-USSR Sales Suspension Lifted

On April 24, President Reagan removed the partial embargo on U.S. agricultural exports to the Soviet Union. The suspension had been in effect since January 1980. The action also included termination of restrictions on the export of phosphates.

IMF Lending Enhanced for Cereal Imports

In May 1981 the International Monetary Fund (IMF) expanded its compensatory financing facility, which

currently allows members to borrow funds to offset shortfalls in export earnings (below a 5-year trend value), to include cereal import costs in the estimate of export earnings shortfalls. The facility is designed to benefit developing, food-deficit countries with balance of payments adversely affected by steep increases in cereal import costs, resulting from either domestic crop shortfalls or high prices for cereal imports.

Canada-USSR Agreement Announced

On May 26, the Canadian Government released information on an agreement to supply the Soviet Union with at least 25 million tons of wheat and feed grains over the next 5 years. (Cecil W. Davison, 202 447-8143)

International commodity prices

Year	Soybeans			Soyoil		Soymeal		Rice		Cotton	
	U.S. No. 2 yellow ¹	U.S. export value	U.S. No. 2 bulk ²	U.S. export value	Dutch f.o.b. ex-mill	U.S. export value	U.S. 44% ²	U.S. export value	Thailand white 5% broken ³	Raw export value	Arizona SM 1-1/16 inch ⁴
<i>Dollars per metric ton</i>											
1970	107	103	115	262	287	94	103	220	143	550	NA
1971	119	115	126	315	305	98	102	223	129	623	752
1972	134	126	140	297	241	113	129	245	148	718	765
1973	273	209	290	345	436	192	307	481	275	745	1,246
1974	256	233	275	685	832	192	184	624	542	1,138	1,297
1975	210	229	220	754	563	169	155	469	363	1,138	1,150
1976	223	216	231	471	438	178	198	357	254	1,348	1,655
1977	271	271	280	573	579	223	229	374	272	1,504	1,505
1978	259	252	268	612	607	210	214	454	369	1,290	1,613
1979	269	273	298	681	662	233	243	446	334	1,439	1,635
1980	272	270	295	623	598	235	257	502	434	1,614	1,982
Jan.	248	260	268	691	609	235	244	445	395	1,517	1,875
Feb.	250	258	271	652	610	230	237	489	398	1,496	1,990
Mar.	240	254	264	610	580	218	226	547	415	1,481	1,969
Apr.	227	246	282	602	552	216	218	529	418	1,495	1,945
May	234	242	260	557	562	212	224	507	433	1,496	1,913
June	233	248	262	594	570	220	218	463	442	1,557	1,748
July	264	262	297	573	635	229	242	463	442	1,540	1,854
Aug.	294	276	309	698	636	238	246	463	442	1,695	2,030
Sept.	213	278	333	663	615	248	293	478	442	1,676	2,131
Oct.	213	301	334	674	597	255	306	509	442	1,756	2,101
Nov.	342	307	364	699	639	267	334	546	463	1,827	2,107
Dec.	302	313	326	653	574	269	295	585	470	1,827	2,122
1981											
Jan.	299	314	323	657	545	266	287	585	470	1,954	2,097
Feb.	204	308	306	610	516	265	270	568	480	1,882	2,059
Mar.	284	302	304	616	535	261	265	597	505	1,875	1,968
Apr.	297	297	316	672	531	252	273	612	515	1,743	1,959
May	291	NA	306	NA	511	NA	267	617	517	NA	NA

¹F.o.b. vessel Gulf ports ²c.i.f. Rotterdam ³f.o.b. Bangkok ⁴c.i.f. Osaka

International commodity prices

Year	Wheat					Corn				
	U.S. No. 2 hard winter ordinary protein ¹	U.S. No. 2 hard winter 13.5% protein ²	Argentina f.o.b. Buenos Aires	Canada No. 1 western red spring 13.5% ³	Australia standard white ⁴	U.S. No. 2 yellow ⁵	U.S. No. 3 yellow ²	Argentina f.o.b. Buenos Aires	Argentina ²	Dow Jones commodity spot price index
<i>Dollars per metric ton</i>										
										1950 = 100
1970	60	NQ	54	63	54	58	67	58	70	144
1971	63	72	59	64	58	58	62	57	68	142
1972	74	74	NA	71	58	56	60	63	71	163
1973	139	116	NA	147	91	98	110	99	118	259
1974	179	204	176	208	195	132	147	133	160	368
1975	149	174	147	181	167	122	134	126	154	306
1976	134	162	128	149	147	115	123	114	138	336
1977	105	126	100	116	113	98	107	93	114	389
1978	131	147	126	134	119	105	114	102	131	367
1979	162	186	159	171	142	118	134	117	150	398
1980	176	213	203	192	175	129	150	159	200	441
Jan.	179	200	191	192	169	112	130	139	159	425
Feb.	176	200	208	191	173	117	132	145	202	449
Mar.	168	NQ	213	175	166	114	133	151	201	424
Apr.	158	NQ	209	164	160	111	134	160	211	415
May	164	NQ	199	174	168	113	138	145	208	433
June	159	198	192	173	166	115	139	147	207	425
July	170	203	189	186	173	133	153	156	211	429
Aug.	175	209	196	192	173	145	167	164	NQ	445
Sept.	182	214	197	197	180	145	164	172	NQ	458
Oct.	192	224	214	213	189	145	161	176	NQ	476
Nov.	199	233	219	225	192	149	171	180	NQ	473
Dec.	188	235	209	219	189	151	172	176	NQ	439
1981										
Jan.	191	233	212	221	189	155	181	169	NQ	437
Feb.	184	225	211	213	185	145	167	153	200	424
Mar.	176	212	210	202	179	144	165	142	187	419
Apr.	181	211	194	198	180	146	166	136	183	411
May	175	206	189	NA	NA	143	160	137	NQ	392

¹F.o.b. vessel Gulf ports ²c.i.f. Rotterdam ³In store Thunder Bay ⁴1970-1980 crop years July-June, f.o.b. selling price ⁵F.o.b. vessel Gulf ports

Wheat: World Production, Consumption, and Net Exports

Region	1967/70-1971/72			1978/79			1979/80			1980/81		
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports
<i>Million Metric Tons</i>												
Developed Countries	115.2	85.1	27.1	148.4	90.2	54.9	150.0	90.6	66.3	161.0	92.2	72.2
United States	40.7	20.7	17.4	48.4	22.8	32.5	58.1	21.2	37.4	64.5	21.6	41.5
Canada	15.1	4.5	10.5	21.1	5.3	13.1	17.2	5.6	15.9	19.1	5.6	16.0
EC-9	36.7	39.5	-3.4	47.6	40.8	3.9	46.3	41.4	6.3	51.8	42.4	9.1
Other Western Europe	10.3	10.7	-3.3	10.9	10.4	-6	9.3	10.7	-1.0	12.4	10.8	1.0
South Africa	1.4	1.4	-1.1	1.6	1.9	.1	2.1	1.9	.1	1.5	1.9	-3
Japan . . . . .	.7	5.2	-4.4	.4	6.1	-5.7	.5	6.1	-5.5	.6	6.2	-5.6
Oceania	10.3	3.1	7.4	18.4	2.9	11.6	16.5	3.7	13.1	11.1	3.7	10.5
Centrally Planned Countries	144.2	151.6	-2.7	210.7	207.2	-13.9	180.5	219.8	-25.4	186.7	221.8	-32.9
Eastern Europe	25.9	29.6	-3.5	35.9	38.7	-2.3	27.6	32.4	-4.9	34.5	38.5	-3.9
USSR	89.8	89.7	4.7	120.8	106.5	-3.6	90.2	115.8	-11.6	98.0	115.6	-15.5
People's Republic of China	28.5	32.3	-3.9	54.0	62.0	-8.0	62.7	71.6	-8.9	54.2	67.7	-13.5
Developing Countries	60.6	82.5	-23.4	87.5	123.8	-32.4	91.7	129.5	-36.3	91.0	130.3	-38.1
Middle America	2.0	2.7	-7	2.4	4.5	-2.0	2.3	4.5	-2.1	2.7	4.8	-2.5
Venezuela	---	.7	-7	---	.8	-.8	---	.9	-.9	---	.9	-.9
Brazil	1.2	3.3	-2.1	2.7	6.6	-3.9	2.9	7.2	-4.4	2.7	7.3	-4.6
Argentina	6.1	4.3	1.8	8.1	4.1	4.1	8.1	4.0	4.8	7.8	4.0	3.7
Other South America	2.0	3.6	-1.7	1.3	4.3	-3.0	1.8	4.5	-2.9	1.5	4.6	-2.8
North Africa/Middle East	20.7	27.5	-7.1	27.6	41.8	-12.6	26.4	42.7	-16.7	28.9	44.6	-16.9
Central Africa . . . . .	.9	1.8	-1.0	.4	3.0	-2.7	.4	3.3	-2.8	.4	3.4	-2.9
East Africa . . . . .	.3	.6	-.2	.4	.8	-.5	.4	.8	-.4	.4	.9	-.4
South Asia	26.9	31.7	-5.8	43.7	49.5	-3.5	48.6	52.6	-2.6	45.7	50.2	-2.0
Southeast Asia	---	1.0	-1.0	.1	1.2	-1.1	.1	1.5	-1.1	.1	1.3	-1.3
East Asia . . . . .	.2	3.8	-3.7	---	4.9	-4.8	---	5.2	-5.3	.1	6.0	-5.9
Rest of World . . . . .	.3	1.5	-1.2	.8	2.3	-1.6	.7	2.3	-1.6	.7	2.3	-1.6
World Total	320.0	319.2	---	446.6	421.2	---	422.2	439.9	---	438.7	444.3	---

Coarse Grains: World Production, Consumption, and Net Exports

Region	1969/70-1971/72			1978/79			1979/80			1980/81		
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports
<i>Million Metric Tons</i>												
Developed Countries	276.7	275.9	.8	353.7	314.8	32.1	367.3	321.6	45.2	336.6	307.0	50.1
United States	165.8	145.7	20.2	222.1	157.2	59.9	238.7	161.4	71.1	198.7	147.6	72.8
Canada	20.5	17.4	3.2	20.3	17.3	3.2	18.6	18.5	3.7	21.6	18.2	3.6
EC-9	56.7	69.9	-13.0	68.5	77.1	-10.0	67.3	76.1	-8.0	67.5	74.2	-6.0
Other Western Europe	18.7	22.6	-4.1	25.6	33.8	-8.6	23.6	34.9	-10.4	27.3	35.9	-8.6
South Africa	8.9	6.0	2.5	9.1	7.6	2.2	11.9	7.9	3.7	15.4	7.9	4.7
Japan . . . . .	.7	11.1	-10.3	.4	18.2	-17.9	.4	19.3	-18.9	.4	19.6	-18.9
Oceania	5.4	3.2	2.3	7.7	3.6	3.3	6.8	3.5	4.0	5.7	3.4	2.5
Centrally Planned Countries	185.0	188.9	-3.4	244.9	265.1	-21.3	227.5	259.0	-29.0	224.9	253.8	-28.5
Eastern Europe	48.6	51.5	-2.8	60.5	69.7	-9.3	63.3	72.4	-8.6	61.7	72.6	-10.5
USSR	73.8	74.7	-.5	105.3	113.2	-8.9	81.2	101.6	-18.4	80.7	97.7	-17.0
China, People's Republic	62.6	62.7	-.1	79.1	82.2	-3.1	83.0	85.0	-2.0	82.5	83.5	-1.0
Developing Countries	132.3	126.6	6.0	155.1	163.6	-7.5	144.7	162.8	-18.4	164.1	172.1	-10.9
Middle America	13.4	13.6	-.1	17.1	20.0	-2.7	14.7	21.3	-7.1	17.4	23.0	-8.0
Venezuela . . . . .	.7	.9	-.3	1.2	2.3	-1.1	1.2	2.2	-1.1	1.6	2.7	-1.2
Brazil	14.6	14.4	.9	16.6	18.1	-1.8	20.6	21.7	-2.2	22.5	24.1	-1.4
Argentina	13.3	6.5	6.8	17.3	7.6	10.0	10.6	5.7	5.1	20.6	6.7	13.9
Other South America	3.4	3.8	-.4	4.0	5.0	-.7	4.6	5.3	-.9	4.3	5.3	-1.2
North Africa/Middle East	17.8	19.1	-1.2	21.1	25.8	-4.9	19.7	25.0	-5.5	22.3	27.5	-5.7
Central Africa	19.1	19.1	-.1	19.7	20.0	-.5	19.7	20.3	-.7	19.6	20.4	-.7
East Africa	8.6	7.8	.5	9.2	9.3	.4	8.1	9.1	-.7	9.5	9.6	-.7
South Asia	30.9	31.0	-.1	34.2	35.2	0	31.0	32.2	0	32.2	32.1	0
Southeast Asia	2.3	.6	1.8	4.0	1.9	2.1	4.3	2.0	2.2	4.3	2.2	2.2
East Asia	6.4	7.8	-1.6	8.8	16.3	-8.1	8.3	15.6	-7.1	7.9	16.1	-7.6
Rest of World	1.8	2.0	-.2	1.9	2.1	-.2	1.9	2.4	-.4	1.9	2.4	-.5
World Total	594.0	591.4	753.7	743.5	743.4	732.9	739.5	743.4	725.6	732.9	732.9	

Total Cereals: World Production, Consumption, and net exports

Region	1969/70-1971/72			1978/79			1979/80			1980/81		
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports
<i>Million Metric Tons</i>												
Developed Countries	404.4	378.0	31.4	519.4	418.8	90.0	534.2	425.8	114.6	513.0	413.1	126.3
United States	208.7	169.0	39.3	274.7	181.7	94.8	301.2	184.5	111.1	268.0	171.3	117.4
Canada	34.4	22.1	14.9	41.4	22.7	16.2	35.8	24.2	19.5	40.8	23.9	19.5
EC-9	94.2	111.5	-16.6	116.8	118.8	-6.4	114.4	118.3	-1.8	120.0	117.5	3.0
Other Western Europe	28.9	33.7	-4.9	36.9	44.8	-9.3	33.3	46.1	-11.5	40.1	47.2	-7.6
South Africa	10.5	7.5	2.4	10.8	9.6	2.4	14.0	9.9	3.6	16.8	10.0	4.3
Japan	12.7	27.9	-14.4	12.2	34.5	-23.1	11.8	35.5	-23.7	9.9	36.0	-23.6
Oceania	15.0	6.3	10.7	26.6	6.7	15.4	23.7	7.3	17.4	17.4	7.2	13.3
Centrally Planned Countries	408.7	423.4	-6.0	550.3	566.9	-35.2	507.5	577.9	-54.1	508.3	572.8	-62.0
Eastern Europe	75.1	82.7	-7.3	96.5	108.8	-11.9	91.1	105.2	-13.8	96.3	111.6	-14.7
USSR	167.4	171.8	4.0	227.5	221.7	-13.2	172.9	219.3	-30.4	180.6	215.8	-33.2
People's Republic of China	166.2	168.9	-2.7	226.3	236.4	-10.1	243.5	253.4	-9.9	231.4	245.4	-14.1
Developing Countries	315.0	334.4	-20.4	389.9	433.6	-42.0	374.1	437.7	-57.6	408.3	458.2	-52.9
Middle America	16.1	17.3	-1.0	20.4	25.5	-4.8	18.0	27.0	-9.3	21.0	29.0	-10.8
Venezuela . . . . .	.8	1.8	-.9	1.5	3.4	-1.9	1.6	3.5	-1.9	2.0	4.0	-2.0
Brazil	20.4	22.0	-.8	24.5	30.6	-6.4	30.0	35.0	-6.8	31.4	38.0	-6.1
Argentina	19.4	11.1	8.5	25.6	11.8	14.2	18.9	9.9	10.0	28.6	10.9	17.7
Other South America	6.8	8.9	-2.0	7.5	11.2	-3.3	8.8	11.8	-3.6	8.2	12.1	-3.9
North Africa/Middle East	41.1	50.1	-9.1	51.4	72.0	-19.1	49.0	72.4	-24.1	53.9	76.7	-24.5
Central Africa	21.5	23.3	-1.8	22.3	26.4	-4.7	22.3	27.3	-4.8	22.3	27.5	-5.2
East Africa	10.3	9.8	-.2	11.0	11.8	-.4	10.1	11.9	-1.4	11.7	12.6	-1.5
South Asia	119.1	123.5	-5.5	151.0	153.5	-2.2	140.7	149.2	-2.1	152.1	155.7	-.7
Southeast Asia	24.9	22.9	2.2	29.2	25.0	3.9	28.4	26.1	3.6	31.6	26.3	4.3
East Asia	30.3	37.7	-8.1	39.5	54.6	-15.5	40.3	55.6	-15.2	39.9	57.6	-18.0
Rest of World	4.3	6.0	-1.7	6.0	7.8	-1.8	6.0	8.0	-2.0	5.6	7.8	-2.2
World Total	1,128.0	1,135.8		1,459.6	1,419.2		1,415.7	1,441.5		1,429.4	1,444.2	

Rice: World Production, Consumption, and Net Exports

Region	1969/70-1971/72			1978/79			1979/80			1980/81		
	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports
<i>Million Metric Tons</i>												
Developed Countries	16.3	14.1	2.0	17.3	13.7	2.8	16.9	13.6	3.3	15.3	13.8	3.9
United States	3.0	1.3	1.7	4.2	1.7	2.4	4.3	1.8	2.7	4.8	1.9	3.1
Canada	---	.1	-.1	---	.1	-.1	---	.1	-.1	---	.1	-.1
EC-9 . . . . .	.6	.7	-.1	.7	.9	-.2	.7	.9	-.2	.7	.9	-.2
Other Western Europe . . . . .	.4	.5	0	.4	.5	-.1	.4	.5	-.1	.4	.6	0
South Africa	---	.1	-.1	---	.1	-.1	---	.1	-.1	---	.1	-.1
Japan	12.1	11.3	.5	11.5	10.3	.4	10.9	10.1	.6	8.9	10.1	.9
Oceania . . . . .	.2	.1	.1	.5	.1	.4	.5	.1	.3	.5	.1	.4
Centrally Planned Countries	71.8	71.2	.6	94.7	94.6	.1	99.4	99.1	.3	96.6	97.2	-.5
Eastern Europe . . . . .	.1	.4	-.3	.1	.4	-.3	.1	.4	-.3	.1	.4	-.3
USSR . . . . .	.8	1.1	-.3	1.4	1.8	-.6	1.6	1.9	-.4	1.8	2.5	-.7
People's Republic of China	70.9	69.7	1.2	93.2	92.2	1.0	97.7	96.8	1.0	94.7	94.3	.5
Developing Countries	114.9	116.2	-1.7	147.2	146.1	-2.3	137.7	145.5	-3.0	153.2	156.0	-4.0
Middle America . . . . .	.7	.8	.1	.9	1.1	-.1	1.0	1.1	-.2	.9	1.2	-.3
Venezuela . . . . .	.1	.1	0	.4	.3	0	.4	.4	0	.4	.4	0
Brazil	4.2	4.1	0	5.2	5.8	-.7	6.6	6.1	-.3	6.2	6.7	-.2
Argentina . . . . .	.2	.1	.1	.2	.1	.1	.2	.1	.1	.2	.1	.1
Other South America	1.3	1.2	.1	2.2	2.0	.4	2.4	2.1	.2	2.4	2.2	.1
North Africa/Middle East	2.8	2.6	.2	2.8	4.4	-1.6	2.9	4.7	-1.9	2.8	4.6	-1.9
Central Africa	1.5	2.1	-.6	2.1	3.4	-1.5	2.2	3.7	-1.3	2.3	3.8	-1.5
East Africa	1.4	1.4	0	1.4	1.7	-.3	1.7	2.0	-.3	1.7	2.1	-.4
South Asia	56.5	56.9	-.4	73.0	68.8	1.3	61.0	64.5	.6	74.1	73.4	1.3
Southeast Asia	21.7	20.5	1.1	25.1	21.9	2.8	24.1	22.6	2.8	27.2	22.9	3.3
East Asia	22.3	24.2	-2.1	30.6	33.4	-2.7	31.9	34.8	-2.8	31.9	35.5	-4.5
Rest of World	2.0	2.2	-.2	3.4	3.3	0	3.4	3.4	0	3.0	3.1	-.1
World Total	203.0	201.5	259.2	254.4	258.2	265.1	267.0					

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